FBIS DAILY REPORT

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JOINT GDR-USSR MILITARY EXERCISES CONTINUE

LD271303 East Berlin ADN International Service in German 1126 GMT 27 Jul 87

[Text] Magdeburg, 27 Jul (ADN) -- The joint troop exercise of the Group of Soviet Forces in Germany (GSSD) and the GDR's National People's Army (NVA) in the Gardelegen, Magdeburg, Templin, Neusrelitz, and Wittstock area continued today. It is being led by Lieutenant General Vladimir Ruschenkov, commander of an army of the GSSD. Taking part in the exercise are up to 25,000 members of both fraternal armies; 500 tanks will be used, around 500 antitank missile launchers on armored carriers, up to 300 artillery guns, 36 multiple rocket launchers, as well as 30 fire support helicopters and 20 transport helicopters.

On the "Southerners" side motorized marksmen, tank soldiers, artillery men, members of the air defense troops, as well as pioneer units of the allied forces proved themselves in extending defensive sectors. Their comrades-in-arms acting as the "Northeners" also proved their high state of training during combined marches and in taking areas of concentration and starting areas [ausgangsraeume].

Soviet guards and members of the NVA were able to report good and very good results in socialist competition at meetings.

During the day generals, officers, and diplomats are expected as observers from 22 CSCE signatory states.

They will be welcomed in Magdeburg this evening on behalf of the GDR Government and the Minister for National Defense by Lieutenant General Guenter Leistner, deputy chief of the NVA's Main Staff.

DYULGEROV-LED TU DELEGATION RETURNS FROM FRG

AU271308 Sofia RABOTNICHESKO DELO in Bulgarian 24 Jul 87 p 8

[Text] The delegation of the Bulgarian Trade Unions Central Council, headed by Petur Dyulgerov, its chairman, returned from the FRG yesterday. The delegation visited the FRG at the invitation of the German Trade Unions Federation.

ATANASOV RECEIVES VISITING GREEK MINISTER

AU271849 Sofia BTA in English 1749 GMT 27 Jul 87

[Text] Sofia, July 27 (BTA) -- Today Mr Georgi Atanasov, chairman of the Council of Ministers, received Mr Andonios Dhrosoyiannis, minister of public order in Greece, who is paying an official visit of friendship here at the invitation of Mr Dimitur Stoyanov, minister of internal affairs. They discussed the ever more dynamic relations between Bulgaria and Greece based on the principles of goodneighborliness, peace and cooperation in the Balkans. They also considered questions concerning the two countries' efforts toward turning the area into a nuclear-weapon-free zone.

[Sofia Domestic Service in Bulgarian at 1730 GMT on 27 July carries a report on Atanasov-Dhrosoyiannis meeting which adds: "The meeting was attended by Dimitur Stoyanov, minister of internal affairs, and Ioannis Bourloyannis-Tsangarides, Greek ambassador to Bulgaria."]

NORTH KOREA'S KANG SONG-SAN PAYS BRIEF VISIT

AU271954 Sofia Domestic Service in Bulgarian 1900 GMT 27 Jul 87

[Text] Premier Kang Song-san, member of the Korean Workers Party Central Committee Politburo, made a brief and businesslike visit to Sofia. During his stay in our capital he visited industrial, scientific, historical, and cultural places, and was received by Comrades Chudomir Aleksandrov and Dimitor Stanishev, as well as Georgi Karamanev, chairman of the Social Council of the Council of Ministers and chairman of the Bulgarian part of the Joint Bulgarian-DPRK Commission on Economic and Scientific-Technical Cooperation. During the talks, opinions were exchanged on further expanding and strengthening cooperation between the two countries.

HAILSTORMS CAUSE SEVERE CROP DAMAGE 22 JULY

AU271119 Sofia RABOTNICHESKO DELO in Bulgarian 24 Jul 87 p 2

[Text] Ruse, 23 July (By our okrug correspondent) -- Following the extreme heat of last week and this week, a sudden hurricane affected the town of Ruse and the eastern parts of the okrug toward yesterday evening. Wind speed reached 20 meters per second. Trees were knocked down, and housing and agricultural buildings suffered slight damage. Heavy rainfall accompanied by hailstorms, affected the Slivopol settlement systems [in Ruse okrug]. Hailstones larger than eggs were reported. Corn, vegetable, wheat, and sunflower crops along the length of a strip 25-28 kilometers long and 10-12 kilometers wide were destroyed. Animals have been killed or injured.

According to preliminary estimates, the damage amounts to more than 4 million Leva.

Ivan Patov report from Razgrad, 23 July -- Following the prolonged July heatwave, in the afternoon of 22 July, areas of the agro-industrial complexes in Yuper, Kubrat, Zavet, and Isperikh [in Razgrad okrug] were affected by severe hailstorms rather than the long-awaited rainfall. Tens of thousands of decares of tobacco, sunflower, and other crops were destroyed.

Under the leadership of the Razgrad Okrug BCP Committee, the necessary organizational measures are being adopted to repair the damage. Intense work on silage processing of the damaged sunflower crops has already started. Additional measures are being adopted to speed up the harvest of wheat crops still lying in the fields.

ECONOMIC PROGRESS REPORT FOR 19-25 JULY

AU252016 [Editorial Report] Sofia BTA in English in its broadcasts between 19 and 25 July carried the following economic performance reports (date and time given in parentheses):

Bulgaria's robot-building industry exhibited three industrial robots at the "Robots-87" Exposition in Leningrad. They have been produced by the Beroe Combine in Stara Zagora. The Bulgarian exposition was awarded a gold diploma by the Soviet Chamber of Commerce and Industry. (0559 GMT 22 July 87)

The three higher institutes, which train managerial and operative economic staffs in the cities of Sofia, Svishtov, and Varna, have set a higher training center for economists in Plovdiv. This is a part of the higher education reform. It has been estimated that in the next 4-5 years some 1,800 holders of college degrees in economics will join the white-collar labor collectives in Plovdiv, Pazardzhik and Smolyan okrugs. (0512 GMT 23 July 87)

BRIEFS

JOINT USSR TIMBER COOPERATION -- The 10th session of the permanent group on cooperation between Bulgaria and the USSR in the timber industry has ended. The document on the results of the session and the agreements for 1988 were signed by Ivan Gruev, chairman of the "Forestry and Timber Industry" Association, and by Nikolay Savchenko, USSR deputy minister of timber, pulp and paper, and wood processing industry. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 17 Jul 87 p 2 AU]

NEW AGRICULTURAL BANK -- Plovdiv, 23 July (BTA) -- The constituent assembly that took place here today, on the occasion of the establishment of a new Agricultural and Cooperative Bank was attended by Vasil Tsanov, secretary of the BCP Central Committee. A statute of the bank was adopted and leading organs were elected; Yanko Musurov was elected chairman. The newly established bank will play an exceptionally important role in the implementation of the new economic policy mapped out by the 13th BCP Congress for achieving a qualitatively new growth in forestry and agriculture, as well as in the cooperative sector. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 24 Jul 87 p 8 AU]

DEPARTING FRG ENVOY AWARDED -- Petur Tanchev, first deputy chairman of the State Council, presented the "Madara Horsman" Order First Class to Hans Alfred Steger, FRG ambassador extraordinary and plenipotentiary to Bulgaria. The high award is presented to him for his contribution to the intensification and expansion of cooperation between the People's Republic of Bulgaria and the FRG, and on the occasion of his final departure from our country. Aleksandur Strezov, deputy minister of foreign affairs, attended the ceremony. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 22 Jul 87 p 2 AU]

JAKES DISCUSSES STATE ENTERPRISE LAW

AU270621 Prague RUDE PRAVO in Czech 23 Jul 87 p 3

[Article by Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee: "On the Restructuring of the Economic Mechanism and the Deepening of Socialist Democracy; An Important Step"]

[Text] On the basis of a comprehensive analysis of the development of social and economic processes in the period of building a developed socialist society in Czechoslovakia, and on the basis of the stimuli from the extensive precongress discussion in the party and society -- inspired by the spirit of the deliberations and the conclusions of the Soviet Communists' 27th Congress -- the 17th CPCZ Congress determined the strategic line of acceleration of our country's economic and social development.

The strategy of acceleration proceeds from the need to further develop socialism, to raise the people's standard of living, to strengthen peace, and from the urgent need to halt Czechoslovakia's economy from lagging behind developed capitalist states in the quality of its development, and to demonstrate the advantages of socialism in the economy.

The Main Guidelines for the Economic and Social Development of the CSSR in the 1986-90 Period and the Outlook For the Period Through the Year 2000 not only set exacting objectives, but also determined the way they are to be achieved. The road leads through intensifying the national economy, increasing the effectiveness of scientific-technical development, restructuring the economy, and extensively involving Czechoslovakia in the international socialist division of labor with the Soviet Union and the other CEMA member-countries.

As Comrade Gustav Husak stressed at the Fifth CPCZ Central Committee Session last March, fulfillment of these tasks will require changes in all spheres of our life -- in the national economy as well as in the cultural and social spheres. The methods and styles of work of party and state agencies and organizations, and of all components of the National Front, will fundamentally change.

The restructuring of the economic mechanism by which -- in accordance with the resolution of the 17th CPCZ Congress and under the party's leadership -- we have begun the entire process, and in which, preparations have made the greatest progress, is decisive. The purpose of the economic reform is to overcome extensive approaches, replace the still prevailing administrative methods of managing the national economy by economic methods, make the working people extensively interested in an all-round intensification of the national economy, and broaden their participation in the administration and management of the economy and the entire society by deepening socialist democracy and activating enterprises -- which are the basic component of the economy.

The need for economic reform is also attested to by the problems and difficulties in ensuring the strategy of acceleration in the first 2 years of the 5-year plan, which are caused, in particular, by old approaches and the inertia of the extensive manner of developing the national economy. Therefore, concurrently with restructuring the system of management and planning, it is also necessaary to pay great attention to training people, and especially management cadres.

After elaboration and approval of the principles, which have met with full public support, work began on the comprehensive document for restructuring of the economic mechanism. At the same time, the comprehensive experiment in increasing the independence and responsibility of economic organizations is being implemented in enterprises and economic production units. We are striving to have the experiment implemented on a much broader basis beginning next year. We envisage that it will encompass about 25 percent of those working in industry, who produce roughly one-fourth of total industrial production. Implementation of the experiment is also envisaged in the construction sphere, where it involves about one-fifth of the personnel, and we are also preparing to introduce it in domestic trade.

An important measure will be restructuring of wholesale and retail prices, beginning 1 January 1989. Its main objective is to create prerequisites for a just assessment of the enterprises' results and to objectively evaluate effectiveness, taking world prices into consideration. Successfully mastering the restructuring of wholesale and retail prices is one of the fundamental conditions for implementing the new economic mechanism.

A draft law on state enterprise has been currently worked out and submitted for public discussion, which -- after fine-tuning, using the citizens' recommendations -- will be submitted to the Federal Assembly for discussion and approval. What is involved is a truly fundamental reform of the enterprises' position in socialist economy and society. Its objective is to distinctly strengthen the powers and responsibility of enterprises and work collectives, because their present-day detailed management and restrictions, particularly on the part of ministerial [resortni] agencies, breed subjectivist approaches, and lead to egalitarianism between good and poorly performing enterprises, and to the loss of the enterprises' responsibiliby for final results. This undermines the material and moral motivation of enterprise collectives, and their work and political activity. We must streamline central management, eliminate rampant administrative work, substitute economic methods for administrative methods of management, implement total economic accountability, self-funding, and socialist self-management. This is the foundation of substantial changes in the economic mechanism that is necessary to intensify the national economy.

The draft law formulates three tasks in one of the enterprises: to multiply the entrusted part of national property and fulfill its tax and remittance duties toward the state; to satisfy society's needs in good quality with minimum costs; and to ensure the economic and social development and the enterprises' collectives. The law's proposed stipulations ensure the indivisibility of social property and prevent any accumulaton of enterprise property.

The management of state enterprises will be carried out on the principle of democratic centralism. Therefore, the draft law consistently defines the powers of the central and enterprise management in such a way as to prevent diluting responsibility, such as passing it onto other levels of management, and unnecessary administrative interference in enterprises' activities.

The task of central agencies is, above all, to resolve issues asociated with the long-term strategy of economic and social development, to draft 5-year plans, and to determine scientific-technical development priorities in the sphere of structural changes and in the international division of labor. It is necessary that the central agencies systematically improve management, work out long-term normative rules, ensure equilibrium in all spheres of the economy, and stimulate socialist entrepreneurship and competition among enterprises while satisfying the needs of the domestic and foreign market. This requires that the central agencies stop managing enterprises in all details, that they reduce the issuing of directives and instructions, which restrict the initiative of work collectives.

Together with distinctly increasing the independence and accountability of enterprises, we must see to it that national interests are not weakened. Society's demands and checks will not subside. On the contrary, they will be intensified, become economically more effective, and will be carried out by means of normative methods of planning, by creating an exacting economic atmosphere, by strengthening the position of the consumer vis-a-vis the producer and trade, by means of limits and, in particular, value instruments, such as prices, remittances, taxes, interest, and other measures that will be part of the restructuring of the economic mechanism.

The substantial rise in enterprises' economic independence can in no instance weaken the planning aspect [planovitost], a permanent attribute of the socialist economy. However, what can and must change are the methods and forms of its realization. It is necessary to enhance the efficiency of centrally planned management, and therefore we must change and eliminate everything that weakens the interest of enterprises in the growth of effectiveness, that which binds their hands and frequently pushes them into positions that are contrary to national interests.

We are facing new tasks regarding the development of self-management principles. Entrenching the democratic foundations of the management of socialist economy and expanding the independence of enterprises are important instruments for making use of people's creative abilities for a more rapid and effective growth of production. In order that a worker [pracovnik] behave and act as a real manager, he must participate in the adoption of all importnat decisions. Experience has shown that when decision-making is concentrated in supraenterprise bodies, the participation of enterprise collectives in production management is necessarily limited. Therefore, the introduction of work collectives' self-management is consistent with the expansion of the economic independence of enterprises.

What is involved is the implementation of real self-management, not just the perfection of the existing forms of the working people's participation in management. Therefore, the draft law envisages that a work collective assembly and work collective council elected by the assembly will have great powers and, of course, also great responsibility for an effective development of the enterprise. They will take part in entrepreneurial activities, and in the preparation and decisions about the most important issues concerning the enterprises. They will cooperate in upholding adopted measures and in checking how the measures are being realized. The assembly of a work collective will also decide on a momentous issue, such as the manner of distributing the enterprise's disposable profit. It will decide how much profit will be spent for incentives and how much for the further development of the enterprise and for cultural-social measures.

A major role is also assigned to self-management in ensuring the work collective's social development. This does not affect the role of the Revolutionary Trade Union Movement [ROH]. On the contrary, the trade unions' role in asserting the interests and protecting the rights of the working people, acting as the guarantor of collective contracts, and as the most immediate partner in labor organization and remuneration, is growing. ROH, alongside other National Front organizations, also takes part in the activity of the enterprises' self-management organizations through its representatives' participation in the agencies of self-management. The principle of electiveness in filling the posts of enterprise directors, their selection on the basis of competitive bidding, and, optionally, the election of other senior managers, constitute important expressions of self-management.

The draft law simultaneously meets the requirement for the enterprise to be managed by a single executive in unity with the execution of the functions of the agencies of socialist self-management. [paragraph continues]

The powers of self-management are defined so as to permit senior staff to act with full responsibility and legal powers, operatively, and to preclude uncalled-for "twofold responsibility" on the part of executives and the work collectives' councils for the decisions adopted. The provision that, if the director disagrees with the councils' resolution, he submits the issue for decision to the assembled work collective, to an assembly of its delegates, or to the founder, is one expression of the draft law's highly democratic spirit.

Socialist self-management in the economy is perceived by us not as the enterprises' complete independence from central management, but as a rational distribution of responsibilities within the framework of a united plan-based system of management. This is expressed in the task of the founder of the enterprise, which is entitled to take appropriate measures if the enterprise does not meet its tasks vis-a-vis society.

The assertion of self-management in conjunction with restructuring the economic mechanism will place new demands on senior staff, on their political, professional, and moral qualities. To be successful a manager must be able to shape a good collective, to think conceptually, to orient himself flexibly and correctly under changing conditions, to assume responsibility and undergo healthy risks, and to do away with that which is obsolete and assert what is progressive.

We do not limit socialist self-management to the enterprise level alone. The draft law provides for the possibility to convene assemblies of the work collectives of enterprise subdivisions on the basis of a decision by the assembly of the enterprise's work collective, which if necessary, will elect their own councils and deliver their opinion on proposed fundamental measures within the relevant subdivision.

The draft law uses the term "entrepreneurial activity," a term that has not been all that common until now. It is precisely socialist self-management that should promote the entrepreneurial activity of socialist producers, assist in overcoming administrative approaches to the management of production, and boost economic competition among enterprises for the most efficient production and the fullest possible satisfaction of the consumers' demand. The composition of the agencies of self-management -- which are to be made up of outstanding workers, foremen, representatives of the party, trade union members, youths, and other social organizations, one-third of which should consist of specialists proposed by the director -- is also geared to these requirements.

It is thus apparent that, through socialist self-management as perceived above, the efforts to exploit more fully all the advantages of socialist production relations and the comprehensive activity of participants in the production process through the promotion of working people's initiative, improvement of managerial work in all spheres, and a significant deepening of socialist democracy, are translated into reality.

One of the basic prerequisites for the successful development of the national economy is respect for the specific and changeable nature of the social reproduction process in various branches and sectors of the economy. That is why the draft law provides for the use of diverse organizational forms of enterprises and for a swift response in adapting organizational structures to practical tasks in the development of the economy. Scope is being created for the emergence of various types of enterprises from the viewpoint of their size, activity, and internal arrangement. Apart from large enterprises, which will mostly take the shape of combines, small and medium-sized enterprises will also be set up, which will be distinguished by a specialized production or commercial profile and by a high level of innovation.

The draft law proceeds fully from the constitutional principle of the party's leading role in society. As the position of the system of self-management grows, so the party's leading role will objectively deepen, particularly from the viewpoint of ensuring national interests in the economy. The quality of the party's cognitive and program-setting activity in the sphere of the implementation of its economic policy, in particular, needs to be improved. In this context, far greater demands will also be placed on work with cadres and on the party agencies' and organizations' application of their right of control.

Party organizations in enterprises form the political nucleus of work collectives, control the activity of the enterprises' economic management, and through their members the party organizations also direct the activity of the enterprises' agencies of self-management, and that of other social organizations. Therein also lies a fundamental distinction from the 1969 draft law on the enterprise, which suppressed the leading role of the party in the enterprise and its influence on the agencies of self-management, and weakened the role of the state plan as the basic instrument for managing the economy. This, in the final analysis, would have led to the elimination of social ownership of production assets.

We are now opening public discussion on the draft law on the state enterprise, which will continue until 31 October. The goal is to make the working people submit their opinion on the proposed changes which will immediately affect them, to make them present their proposals and ideas, thereby making them co-makers of the law, sharing responsibility for putting it into effect. The public discussion must also contribute to a comprehensive explanation and understanding of the law. An eminent role in discussing the draft law in public debate must be played by primary party organizations. They must unite the course of action in discussing the draft law -- not only in party organizations, but also at places of work and in other organizations of the National Front. A broadly-based exchange of views in the information media will be part and parcel of the public discussion. It is just as important for the discussion on the draft law to be coupled with initiative in approaching the fulfillment of the tasks of the 1987 Plan with consistent preparations for the 1988 Plan.

The evaluation of the results of economic development in the first half of this year shows that progress of national economic intensification is not in harmony with the planned targets. The fulfillment of the qualitative indicators of the reproduction process, in particular, is insufficient. Fulfillment of planned tasks continues to be irregular, set material costs are being exceeded, the production structure shows grave deviations, which results in difficulties in supplier-user relations, and inventories are growing at a disproportionate rate. The pace of applying the results of scientific-technical development and of product innovation is still slow, and the course of capital investment is unsatisfactory. As far as foreign trade is concerned, we did not achieve the required profitability of exports to capitalist countries. Owing to these shortcomings, the dynamism of the creation of national income is lower than planned.

The low level of managerial work, inertia in thinking, and extensive approaches to solving problems, rank among the most important causes of this situation. As the report of the Federal Bureau of Statistics on the fulfillment of tasks in the first half of this year confirms, we cannot be satisfied with the economic results thus far. An analysis of the causes of nonfulfillment, especially of the qualitative indicators, needs to be carried out and specific measures must be adopted to fulfill this year's plan and to prepare for the 1988 Plan. People's active participation and a correct exploitation and orientation of their initiative in honor of the 70th anniversary of the Great October Socialist Revolution and the 40th anniversary of Victorious February are important prerequisites for this. [paragraph continues]

In the spirit of the Initiative of the Central Trade Union Council, this initiative must mainly contribute to reducing material and energy costs, raising labor productivity, product quality, and the regularity of production, and to ensuring harmony with the needs of consumers. It is in this direction that party agencies and organizations must orient their political, organizational, ideoeducational, and also cadre work.

The approach of each senior staffer in the economy is ensuring the tasks of the 5-year plan, and his interest in and readiness for restructuring the economic mechanism in this enterprise, constitute the criterion for evaluating his ability to work under new, undeniably more challenging conditions. Fulfillment of the tasks of the state plan for 1987 and the remaining years of the Eighth 5-Year Plan, the plannned increase in efficiency, and the strengthening of the economic balance, are a necessary springboard for the desirable functioning of the economic mechanism that is being prepared, for reinforcing the independence and responsibility of enterprises, and for strengthening the consumer's position in the economy.

RUDE PRAVO QUESTIONS ABSENCE OF SOVIET FILMS

WA271110 Prague RUDE PRAVO in Czech 16 Jul 87 p 5

[Article by Jan Kliment: "Where's the Hitch?"]

[Text] All of us who have some sophistication and a deeper interest in film as art, have been keeping an eye on contemporary Soviet cinema whose development has attributed not only our attention but the attention of literally the entire motion picture or, if you please, movie-fan world. As a matter of fact, our attention is more intense than ever because it is important to us to desire the greatest possible benefit from the Soviet experience; after all, Soviet cinematography has been for us, and remains, an invaluable source of learning. Yet, while in the capitalist West both the professionals and the public at large have had the opportunity to acquaint themselves with the new Soviet films, in this country we lag behind. At the beginning of this year, Panfilov's beautiful and profoundly exciting film "Theme" won hands-down first prize at the International Film Festival in West Berlin. It is now being shown at another, noncompetitive but open, film fair in Munich. But, as far as we are concerned, if you have not had a chance to see this film in the Soviet Union, you are out of luck at home. I am sure it will be shown one day but, if my information is correct, not before this coming fall, perhaps in the course of the Month of Czechoslovak-Soviet Friendship. But why that late? Sensation-seeking and impatience aside, don't we, in this country, have a right to see new works without any delay? Obviously, one understands that in the case of films made by capitalist producers, price plays an important role: it drops with time. But this is certainly not the case with Soviet films. Why was it, then, that audiences in Munich could see the Soviet film "Repentance" -- which, incidentally, enjoys tremendous publicity -- while we had no such chance? Why have all comments in this country been limited to writing about a documentary -- "To Be Young Is Not Easy?" Why have we not been allowed to watch Klimov's feature "Farewell," although the film was already shown both in West Berlin and in Munich, and although we have already read so much about it? Where is our need to know, aren't we the public of a country that is among the closest to the country of origin of these works? To plan is neat and necessary, but these films speak forcefully to our everyday affairs, to the things going on in the first socialist country; delay detracts from their timeliness, it obstructs them. Bureaucratic procrastination not only does not achieve anything, it does outright harm. Simply said, one can apply to the case of the new Soviet films the old adage which says explicitly that he who gives fast gives twice, and that procrastination is good for nothing.

MISMANAGEMENT HAMPERS PIPELINE CONSTRUCTION

AU271325 Prague ZEMEDELSKE NOVINY in Czech 23 Jul 87 p 1

[Interview with Jaroslav Kadlec, director of the Transit Gas Pipeline enterprise of Prague; Jaroslav Krisl, director of the Czechoslovak section of the gas pipeline project in the Ivan-Frankovsk Oblast; and Stefan Cengel, director of the administration of the Strojexport foreign trade enterprise of Prague; by Radovan Muska: "We Are Talking About Our Participation In the Progress Gas Pipeline Project; Despite Problems Toward the Goal" -- in Ivano-Frankovsk "a few days ago"]

[Excerpt] [Passage omitted] [Krisl] What the project needs, in particular, are people having specialized professions, mainly welders and excavator operators, as well as additional machinery -- especially pipe-laying machines and trench excavators. To put it frankly, without this essential machinery and manpower, the possibility of the fulfillment of the plan for the next few months is fairly unrealistic.

[Muska] That, however, is not the only problem of the project. As we could have convinced ourselves, the project is, for example, also grappling with a lack of documentation [projekty] and deliveries.

[Cengel] Throughout the world it is customary that a project is being prepared for 2, 3 years, and the construction lasts 1 years. Here we have it exactly the other way around; the work on the project's preparation started only when the construction had already begun. The truth is that to this day we have not received from the Soviet side the project's documentation, and we are also waiting for very important Soviet deliveries. Of course, the situation is similar to our own enterprises. They are not always fulfilling their obligations, and at times, the deadlines within which they can deliver the ordered material, are much too late to maintain the pace of construction work at the project. [passage omitted]

BRIEFS

PRC JUSTICE MINISTRY DELEGATION -- Prague July 27 (CTK) -- A delegation of the Chinese Justice Ministry, led by Deputy Minister Lu Jian, ended a visit to Czechoslovak today after establishing contacts with justice bodies of Czechoslovakia for good cooperation in the coming period. During the ten-day visit, the guests met among other officials with the Czech and Slovak ministers of justice, Antonin Kaspar and Jan Pjescak, and President of the Czechoslovak Supreme Court Josef Ondrej. [Text] [Prague CTK in English 1530 GMT 27 Jul 87 LD]

GERLE, FRG OFFICIAL MEET -- Prague July 27 (CTK) -- Czechoslovak Deputy Premier Ladislav Gerle received here today Minister-President of the Baden-Wurttemberg Government Lothar Spath, who is currently on a brief private visit to Czechoslovakia. Ladislav Gerle appreciated the current development of contacts between the two countries, especially in industry, stressing that Czechoslovakia is interested in the participation of West German industrial corporations in the modernization of the Czechoslovak economy. He informed the West German guest about reforms of the Czechoslovak economy management and said that legislative prerequisites have been created for close cooperation among enterprises. Both officials agreed that the two countries lacked experience in joint enterprising. Lothar Spath proposed to pick five to six firms, which would be granted support and whose participation in joint ventures would bring experience needed for their future development [Excerpts] [Prague CTK in English 1532 GMT 27 Jul 87 LD]

FIRST HALF '87 PLAN FULFILLMENT REPORTED

AU230601 East Berlin NEUES DEUTSCHLAND in German 17 Jul 87 pp 3-6

["Report of the State Central Administration for Statistics on the Implementation of the 1987 National Economic Plan During the First Half of the Year"]

[Text] During the first half of 1987 the workers class, the cooperative peasants, and the citizens of all classes and strata in town and countryside accomplished great achievements for the successful implementation of the decisions of the 11th SED Congress. With their initiatives they are strengthening the position of socialism in the GDR and peace under the slogan "My workplace -- my combat station for peace." Thanks to the people's creative work, the GDR continued to make good progress in shaping the developed socialist society. Party, state, and people are linked to each other more firmly than ever before.

The national economy's capacity was further strengthened and the dynamic economic growth was steadily continued. Considerable progress was made in the main area of struggle, the unity of economic and social policy as the core of the economic strategy. The guidelines for this have been and are the decisions of the Third Central Committee session and the speech made by Comrade Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, before the first secretaries of the kreis leaderships.

In the socialist competition, the FDGB mobilized the creativity of the working people under the slogan "High performances for the welfare of the people and for peace -- Everything for the implementation of the decisions of the 11th SED Congress!" The 11th FDGB Congress provided important stimuli. New competition initiatives were started to further implement the decisions of the 11th SED Congress. Outstanding activities were triggered by the SED Central Committee seminar with the directors general of the combines and the Central Committee party organizers. This is shown by the pledges -- made on behalf of more than 3 million working people in the combines of industry, the construction sector, and the transport and telecommunications sectors -- for product-related overfulfillment of the 1987 plan targets in order to achieve high growth of the distributable final product. The outstanding activities include the pledges of 51 heroes of labor who, on the occasion of World Peace Day, with their collectives want to attain the highest performance per working day to date for the fulfillment and product-related overfulfillment of the 1987 national economic plan.

The 13th GDR Peasants' Congress has determined the further long-term implementation of the decisions of the 11th SED Congress in agriculture, forestry, and the foodstuffs industry.

The results of the national economic development have to be appreciated all the more highly since the extreme winter conditions caused great strains and additioal costs. During this period of test the strength of socialist planned economy again became obvious -- the strength of socialist democracy, and the SED's ability to take the necessary measures in time and under complicated conditions.

The appeal of Comrade Erich Honecker, general secretary of the SED Central Committee, to master the effects of the unusual weather conditions with solidary actions by all social forces, was answered by millions of working people with high work performances, even in special shifts and on weekends. [paragraph continues]

Thanks to the citizens' initiative and readiness for work, during the first quarter of the year it was possible to make up for the temporary plan backlogs. Great achievements were accomplished in particular by the working people in the coal and energy sector and in the transportation sector, the members of the National People's Army, the German People's Police, and the employees of the Ministry of State Security. Month after month it was possible to further develop the plan lead in important fields.

The qualitative factors of economic growth were used more comprehensively. Successful work is being done to link the advantages of socialism with the achievements of the scientific-technological revolution ever more efficiently for the benefit of all. Development and application of the key technologies were further accelerated. The contribution of science and technology to strengthening the national economic capacity and to developing the GDR's positions in the field of international top-level achievements was raised by the important results during the first half of the year.

The stable economic development is based on a well-functioning system of socialist planned economy. It has again proved to be efficient, dynamic, and flexible. In line with the principle of democratic centralism, the citizens' democratic participation is an indispensable part of socialist planned economy. In each social field, work is done with great initiative following the tested principle "Participate in working, in planning, in governing!"

Further measures to perfect management, planning, and economic cost accounting became effective, in particular for the comprehensive application of the principle of self-financing, intensively expanded reproduction in combines and enterprises of industry and the construction sector.

By further fulfilling the target set in the "11th SED Congress FDJ Assignment," the young people made an important contribution to the good national economic record of the first half of 1987. The scientific-technological creativity of the young, in particular in the 5,206 youth research collectives and the 45,654 youth brigades, has a considerable share in the top-level achievements attained during the first half of the year.

Corresponding to the spirit of socialism, the increasing economic achievements benefit the people. The people's material and cultural standard of living was ensured and raised according to plan. Social security and confidence in the future, full employment, and people's prosperity characterize the life of the GDR citizens and motivate them. The considerable increase in the state's children's allowances, which came into effect on 1 May 1987, is again an expression of social protection. The housing program, which is the core of the sociopolitical program, is progressing steadily. During the first half of 1987 housing conditions improved for another 305,000 citizens.

The GDR is fulfilling the targets of economic development in close fraternal cooperation with the Soviet Union. The agreements concluded in Berlin by Comrades Erich Honecker and Mikhail Gorbachev, general secretaries of the SED Central Committee and the CPSU Central Committee respectively, initiated a new stage of cooperation which corresponds to the requirements of comprehensive production intensification. Large-scale future tasks of the "Long-Term Program of Development of Cooperation Between the GDR and the USSR in the Fields of Science, Technology, and Production for the Period up to the Year 2000" are being tackled together. The focal point is close cooperation in developing and applying key technologies and in ensuring a high scientific-technological standard of products.

In close alliance with the USSR, the GDR is making its contribution to deepening socialist economic integration with all CEMA member states, in line with the "Comprehensive Program of Scientific and Technological Progress of the CEMA Member States Through the Year 2000."

The local state organs are effectively contributing to guaranteeing the overall fulfillment of the plan in the locally-administered enterprises and cooperatives and at the same time to making the regional conditions for performance development in the centrally-administered combines more and more favorable. Through their close cooperation with the enterprises and cooperatives, regional rationalization was increasingly used as the main method of tapping local reserves for improving performance and the citizen's welfare. The citizens' close ties with their socialist homeland are demonstrated by the results achieved in the "Beautify our towns and villages -- Join in!" citizens' initiative to improve housing conditions and the environment.

The economic tasks for ensuring national defense and domestic security and order were fulfilled as a firm part of the economic policy in line with the requirements of intensification.

The following main results were achieved in implementing the 1987 national economic plan during the first half of the year:

1. National income rose by 3 percent compared with the first half of 1986. In view of the extreme weather conditions during the first months of this year and the resulting considerable expenditure in production input, this is a great achievement. The rise in national income was based exclusively on increased labor productivity.

In industry net production rose by 6.4 percent. Labor productivity went up 6.8 percent. Thus the higher rate of increase in labor productivity compared with net production, which started in 1986, has been continued. With more than 80 percent, industry again made the largest contribution to the increase in national income. Industrial goods production rose by 4 percent.

In the construction sector labor productivity increased by 4.7 percent, thus also rising faster than net production, which increased by 3.8 percent. Building output went up 2 percent.

In agriculture the state procurement plan for slaughter animals, milk, and eggs was overfulfilled. State procurement of slaughter animals was 2 percent higher than during the first half of 1986. Spring cultivation was carried out at high speed and well.

2. The decisive issue for stable economic growth is the accelerated tempo in the production and application of key technolgies.

The national economy's microelectronic base was further developed by introducing new circuits. The currently available range of active microelectronic component parts comprises about 1,400 basic types.

Compared with the same period last year, the production of monolithically integrated circuits rose by 44 percent; that of office, personal, and workplace computers by 62 percent; that of memory units for computers by 79 percent; that of printers for computers by 93 percent; that of fiber optic-cables by 193 percent; that of special technical equipment for the production of active semiconductor components by 82 percent; and that of microprinting equipment rose by 32 percent.

The number of CAD/CAM workstations and systems rose to 31,000. The number of industrial robots used in the economy increased to a total of 73,000.

The computer-technology base was expanded by starting serial production of 16-bit workplace computers and by introducing increasingly efficient personal computers with an 8-bit processing range. Production of efficient 32-bit computers for demanding CAD tasks was started.

By purposefully fulfilling their pledge, the working people of the VEB Robotron-Electronics in Dresden have to date produced 843 workplace computers with a 16-bit processing range in excess of the plan.

3. In order to attain top-level scientific-technological achievements in applying key technologies, 198 tasks of the state plan on science and technology were fulfilled.

The economic effectiveness of science and technology has been further increased.

During the first half of 1987 a total of 2,651 new products, methods, and technologies were introduced into production.

The quality and efficiency level of production was improved through new products worth M52 billion.

The proportion of top-level achievements in the application-oriented tasks of the state plan on science and technology reached 90 percent.

More than 2,600 performance contracts have been concluded to date by the combines of industry and the construction sector on the one hand and the GDR Academy of Sciences, universities, and colleges on the other.

4. An important contribution to the struggle to reduce production input was again made by the "Return Funds to the State -- Contribute to National Income" initiative. This initiative has led to the return of material and funds totalling M2.3 billion to the State Bank by means of checks.

Prime costs in the sector of the industrial ministries were reduced by 1.3 percent and in the sector of the Ministry of Construction by 1.2 percent.

The national economy's specific transportation input was reduced by 3 percent.

5. During the first half of 1987 investments of M30 billion were made in the national economy.

The proportion of investments for rationalization and modernization of basic assets was raised. In the processing industry it amounted to 79 percent.

The sector of the industrial ministries in-house production of branch-specific rationalization means was 15 percent above that of the first half of 1986.

Important production equipment was used to capacity at an average of 17.3 hours per calendar day.

6. By continuing the tested course of the unity of economic and social policy the people's material and cultural standard of living was secured and increased according to plan.

By continuing the housing program 101,643 apartments were finished through new construction or modernization during the first half of 1987. This was 4,243 more than planned.

The new establishment of restructuring of 140,000 workplaces in line with latest insights of scientific organization of labor contributed to improving the working people's working conditions.

The net financial income of the population rose by 4 percent on the basis of increase production performances.

Compared with the same period last year, retail trade turnover increased by 3 percent. Supply of essential foodstuffs to the population was ensured in a stable way. The production enterprises of all sectors supplied final goods for the population worth M46.5 billion at retail prices. This is 3.8 percent more than during the first half of 1986.

Services and repairs for the population rose by more than 5 percent.

7. During the first half of 1987 imports and exports amounted to a total of 83 billion valuta marks. Trade with the socialist and non-socialist states resulted in an export surplus of 2.2 billion valuta marks. More than 39 percent of foreign trade turnover went to foreign trade with the USSR, the GDR's largest trade partner.

8. The worthy shaping of the GDR's capital city of Berlin as the GDR's political, economic, scientific, and intellectual-cultural center was purposefully continued. The enterprises of Berlin's industry increased net production by 9.3 percent through comprehensive intensification. This growth was reached almost exclusively by raising labor productivity.

Berlin's construction workers, together with the working people of the construction sector and other areas of the national economy from all bezirkes, successfully fulfilled the demanding tasks. With new construction and modernization of 11,571 apartments, including the appertaining social installations, housing conditions improved for another 31,200 citizens of the capital city. Exemplary feats were achieved in reconstructing entire blocks in Wilhelm-Pieck-Strasse, on Bersarin-Platz, in the Frankfurter and Stralauer Allee, and in the Kietzer Feld in Koepenick. An outstanding contribution to successfully fulfilling the building tasks was made by the more than 20,000 young people in the "Berlin FDJ Initiative."

Berlin's anniversary is becoming an outstanding event in the GDR's social life. The more than 1,200 events of the festival program that have been held to date, and the capital city's quickly changing face graphically demonstrate how powerfully our country's political, economic, scientific, and cultural center is developing. The Berliners, together with their guests, are making the 750-year celebrations into a real popular feast of joy in life and will for peace.

I. Science and Technology [subhead]

The economic effectiveness of science and technology with regard to the national economy's stable performance growth has been further raised. Intensified use of scientific-technological results was decisive for the increase in labor productivity and net production, for the rise in quality, and the reduction of costs.

The Berlin exhibition "GDR science and production in the service of the people" impressively demonstrates how modern key technologies are developed at an accelerated pace and are used with great economic results. In this attractive exhibition of achievements, which was visited by more than 220,000 citizens by the end of June, about 1,300 representative products -- in particular top achievements in microelectronics and flexible automation -- show the advance of science and technology.

During the first half of this year, 2,651 research and development results from the science and technology state plan as well as from the combines' plans were introduced into production. This makes it possible to reach an output worth M22 billion during the 1987 plan year with a higher scientific-technological standard and with greater efficiency. More than 70 introduction tasks from the science and technology state plan were concluded ahead of schedule.

Production renewal was purposefully continued. The level of production quality and efficiency was further raised by means of new products at a scope of M52 billion. Here it is of great importance that the share of goods with the "Q" quality mark has increased to more than 40 percent in the new products.

The saving of 270 million hours work time in the national economy was reached in particular through projects for complex rationalization and automation of entire production stages as well as through quickly growing output of the combines' in-house production of rationalization means. As a result of the broad application of the Schwedt initiative 45,000 working people were gained for solving other economically important tasks. They were mainly used for better utilization in terms of time of highly productive equipment, to increase consumer goods production, and to strengthen domestic in-house production of rationalization means. A visible productivity growth with simultaneously improved working conditions was achieved by establishing or restructuring 140,000 workplaces in line with latest insights of scientific organization of labor. Work hardships for 33,000 working people were thus totally eliminated or considerably reduced.

Scientific-technological results were used more comprehensively to improve the input-output ratio of the products as well as to introduce methods and technologies that use material and energy in an economical way. During the first half of 1987 230,000 tonnes of rolled steel, 25,000 tonnes of cast iron products, 6,500 tonnes of nonferrous metals, and 160,000 tonnes of cement were saved with scientific-technological measures. Scientific-technological measures to reduce unit input of energy at the equivalent of more than 6 million tonnes of raw brown coal have become effective.

Ninety percent of the results of the science and technology state assignments and the other state plan tasks help determine the advanced international standards. They became effective in particular for the accelerated introduction of the key technologies. The important results achieved during the first half of 1987 to increase the national economy's capacity include:

1. In the area of microelectronics, microprocessor and memory circuits with higher processing speed and low power draw were introduced. [paragraph continues]

In order to increase production in the manufacturing of circuits, new technical equipment on the basis of larger silicon disks has become effective in production. The use of newly developed sputter technology equipment and laser processing made it possible to raise production of high-quality passive component parts and to expand their range.

By starting production of 32-bit computers, beginning serial production of 16-hit workplace computers, and introducing high-performance personal computers with an 8-bit processing range and hook-ups for the establishment of local computer networks, the computer basis for widespread introduction of CAD/CAM technology, the automation of production processes, as well as the further perfection of management and planning was developed.

The start of production of the P 8000 programming and development system creates preconditions to shorten preparations for the use of highly effective 8- and 16-bit microcomputer controls and to reduce costs of working out user software by 50 percent.

2. In order to efficiently utilize computer technology for automated construction, design, and production control, CAD/CAM workstations and software were introduced for construction tasks in rail vehicle construction, for the development of pumps and compressors, for technical production preparation of structural components in textile machine building as well as of gears and couplings, for the design of furniture, production of patterns for the shoe industry, for circuit design in electronic equipment building, and the construction of metal-forming tools.

Efficient solutions for the application of computer technology, for the organization of spare part sales for motor vehicles, mission control of the domestic transport fleet, control of ore transportation from the loading port to the recipient, as well as for planning and correlated targeting processes became effective.

3. For use in flexible automated manufacturing systems new milling machines and cylindrical grinding machines were introduced into production and the development of a robot with an articulated into production and the development of a robot with an articulated arm for assembly processes was concluded. The microelectronically controlled manufacturing center for automated processing of prismatic parts and a new automatic grinding tool for flexible manufacturing of highly precise roller-bearing rings were introduced into production. In order to increase performance in the textile and clothing industry, further assembly lines with sewing robots and automatic contour sewing machines as well as new solutions to increase the variety of patterns by means of microcomputer-controlled knitting machines and looms became effective in production. Industrial robot technology was used, inter alia, in new manufacturing lines for the production of bell-shaped glasses, for semi-automatic manufacturing of searchlights, for welding and coloring processes in vehicle construction, and for maintenance of vehicle parts.

4. In the area of biotechnology, enzymes and monoclonal antibodies for medical diagnostics and therapy, as well as a new substance for the cosmetics industry were developed and produced. As a prototype for starting serial production of bioreactors, a newly developed computer-controlled fermentor was produced and successfully tested by using it first for the rationalization of antibiotics production.

5. New technologies, including electron-beam refinement of pistons for diesel engines, laser processing for three-dimensional cutting of component parts for fluffy torque converters, as well as highly refined materials, including roller bearing pipes made of ladle-metallurgically treated steel, microalloyed heavy plates, precision steel pipes, sintered parts for vehicle engines, optical plastics, dyes for polyester, superfine

fabrics for fiber glass, ceramics substances, for condensers, as well as non-asbestos soft packaging materials have become effective to reduce unit input of material and to raise quality and productivity by means of refinement.

6. In order to expand the range of high-quality consumer goods for the population and for exports, newly developed goods were introduced into production, including the S 3004 small electronic typewriter, new varieties of tape recorders, a variable engine-powered garden tool system, new programs of living room, upholstered, and bedroom furniture, and electric household appliances.

The national economy's range of exports was expanded by newly developed electronically controlled processing centers for machine building, natural gas stations, railraod and harbor cranes, standard, low-noise electric motors, computer-controlled electroplating facilities, diesel electro-aggregates, railroad passenger cars, sewing and carpet knitting machines, wire-weaving machines, sifting machines for grain and oilseeds, and the new research ship "Atlantik."

In basic and applied research the research and development potential was more intensively concentrated on the accelerated development of the key technologies by means of increasing research cooperation between the combines and the institutions of the GDR Academy of Sciences, and the universities. To this end, more than 2,600 performance contracts have been concluded to date, which aim at raising the scientific-technological standard of products and technologies. The proportion of the potential of the GDR Academy of Sciences and of the universities and colleges that is contractually allocated to research cooperation with combines has thus increased to more than 50 percent. With the research work already concluded, the scientific lead for performance development in the national economy was developed in important areas. The most important results of advance research include the establishment of:

1. Bases for the design of very highly integrated microelectronic circuits;

2. Solutions for image recognition for quality control in flexible automated manufacturing systems;

3. Bases for the construction of tools and tool-change installations for semi-automatic manufacturing;

4. Basic methods for the broad application of lasers for surface refinement, temperature and power sensors with signal preprocessing for automation technology;

5. Genetic engineering bases for the production of pharmaceutical substances, for the cultivation of high-capacity and pollution-resistant useful plants and conifers, and for higher performances in livestock production;

6. Development bases for new bioactive implant materials for use in human medicine;

7. Bases for new materials.

The tasks with which the GDR is making its contribution to the implementation of the "Comprehensive Program of Scientific and Technological Progress of the CEMA Member States through the Year 2000" were fulfilled according to plan. [paragraph continues]

A total of 37 of those tasks planned for this purpose in the science and technology state plan were concluded by introducing their results into production. In the case of another 201 tasks the planned work stages were implemented. Results with international top-level standards, which were developed in line with the coordinated targets of the main directions of the comprehensive program and which contribute to introducing the key technologies in the CEMA countries, include:

1. Technical equipment for microelectronics;
2. Microelectronically controlled machine tools for use in flexible automated manufacturing systems;
3. Workplace computers; and
4. A more highly developed operating system for the uniform electronic data processing system (ESER).

The FDJ's 5,206 youth research collectives play an increasing role in the achievements of science and technology. The following central youth projects of the science and technology state plan were concluded with good results:

1. "Brown coal hydrogenation" (GDR Academy of Sciences);
2. "Processing of optical materials" (Friedrich-Schiller University, Jena);
3. "Solutions for comprehensive rationalization and automation of partial processes in suit manufacturing" (VEB Outer-Wear Combine, Berlin); and
4. "Dust extraction from flue gas with simultaneous desulfurization" (VEB "Edgar Andre" Dust Extraction Technology, Magdeburg, Leipzig branch).

Within the framework of the "11th SED Congress FDJ Assignment," FDJ collectives introduced rationalization solutions into production that saved 67.5 million hours of working time and more than 7,000 workplaces. In the "Industrial Robots" FDJ initiative 3,125 robots were produced and used. In the youth inventors competition 453 patents were registered.

The innovators, inventors, and rationalizers, the young people in the Fair of the Masters of Tomorrow, and the members of the Chamber of Technology made an important contribution to utilizing scientific-technological results for the national economic performance increase. In the state-owned economy more than 1 million working people participated in the innovators' movement. The innovations introduced during the first half of the year yield an annual profit of M3.3 billion.

II. Industry [subhead]

The working people in industry continued the dynamic performance increase with outstanding labor feats in the socialist competition. The broad application of the key technologies was decisive for this.

In the industrial combines net production rose by 6.4 percent. The plan was fulfilled 101.4 percent. The faster pace of the labor productivity increase compared with production increase — something which started in 1986 — was continued. Labor productivity rose by 6.8 percent. A total of 120 centrally administered and bezirk-administered combines attained their production increase exclusively through a rise in labor productivity.

Industrial goods production in the sector of the industry ministries increased 4 percent. A plan lead of M1.2 billion was achieved. [paragraph continues]

During the first half of 1987 final products worth M4.5 billion more than those produced during the same period last year were supplied. As a result of the measures that were introduced to ensure product-related fulfillment of production targets, the plans were overfulfilled with regard to numerous products that are important for supplies to the population, the development of the national economy, and the solving of export tasks. This applies, inter alia, to the following state plan positions:

Cutting-machine tools, special technical equipment for production of active semi conductor component parts, microprinting equipment, robot technology products, cast iron products, construction-dependent [konstruktionsgebunden] cranes, installations for the foodstuffs industry, fine sheets (hot-rolled), standard V-belts, condensers, contact component parts, pneumatic products, physical-optical measuring devices, trichlorosilane, washing machines and combined washing machines, hot water boilers for gaseous fuels, and textile floor coverings.

With regard to some products, more intensive efforts are necessary to reach the production increase planned for 1987.

The increase in performance and efficiency was mainly supported by those combines which fulfilled the key targets of performance assessment with good results, ensured production in line with ranges and contracts, and attained a high performance growth by increasing labor productivity by 10 percent and more. These include:

"Hermann Matern" Strip Steel Combine, Eisenhuettenstadt; Teltow Electronic Component Parts; Erfurt Microelectronics; Dresden Ventilation and Refrigeration Technology; Karl-Marx-Stadt Household Appliances; Torgau Plate Glass Combine.

In the area of the bezirk Economic Councils, net production rose by 8.4 percent. Labor productivity also went up 8.4 percent. Industrial goods production increased by 4 percent.

Prime costs per M100 of goods production declined by 1.3 percent in industry. High reduction rates in prime costs of 3 percent and more were reached by, among others, the following combines:

Leipzig-Grimma Chemical Installation Construction; Berlin "Friedri Ebert" Electrical Appliances Works; Jena Carl Zeiss; Hennigsdorf "Hans Beimler" Locomotive Construction-Electrotechnical Works; Erfurt Microelectronics; Teltow Electronic Component Parts; Leipzig "Werner Lamberz" Printing Combine.

A comparative performance appraisal between the combines shows that further reserves have to be tapped to reduce costs. Here it is particularly important to raise the economic effectiveness of science and technology, to carry out investments by the required date and with the greatest possible efficiency, to improve the capacity utilization of production facilities, and to use all possibilities of further reducing of energy and material inputs.

Industrial combines increased production of final goods for the population by 3.8 percent. They provided final goods for the population worth M34.4 billion at retail trade prices. The planned production targets were overfulfilled. Those combines in the consumer goods industry which considerably overfulfilled the plan and achieved a growth of more than 5 percent are, for instance:

Berlin Cosmetics Combine; Karl-Marx-Stadt Household Appliances; Berlin "Rosa Luxumburg" NARVA [acronym for Nitrogen-ARgon-VAcuum; trademark of all GDR light bulb products]; Cottbus Textile Combine, Heiligenstadt Solidor.

Combines whose manufacturing program mainly comprises producer goods made an increasing contribution to the production of attractive consumer goods through intensive use and expansion of existing research, development, and production facilities. In numerous combines product lines that determine the character of production were established for consumer goods production -- product lines that make it possible to manufacture a great number of high-quality goods in an economical way. This applies in particular to the following combines:

Dresden Ventilation and Refrigeration Technology, with the production of modern household refrigerators; Magdeburg "Ernst Thaelmann" Heavy Machinery Combine with the production of household appliances; Teltow Electronic Component Parts, with the production of magnetic recorders; Berlin "Friedrich Ebert" Electrical Appliances Works, with the series production of high-quality radios and radio recorders.

In the sector of the bezirk-administered industry, it was in particular the combines with a production increase of 10 percent and more which essentially contributed to a greater supply of consumer goods for the population. These include:

Berlin Camping and Handicraft Products; Sebnitz Plastics, Dresden Bezirk; Eisenberg Plastic Products, Gera Bezirk; Apolda Electrical Appliances, Erfurt Bezirk; Karl-Marx-Stadt Polytechnical and Precision Instruments.

The production of newly developed consumer goods for the population and export rose by almost M2 billion. More than one-third of the entire consumer goods production consists of newly developed products. Consumer goods production combines which considerably overfulfilled the plans and achieved an increase in production of newly developed goods of 6 percent and more included:

Plauen German-European Transport Company (DEKO); Karl-Marx-Stadt Cotton; Cottbus Textile Combine; Thalheim ESDA [expansion unknown] Hosiery Combine; Suhl Electrical Appliances.

The quality level of industrial production increased further. A decisive share in the production of goods with a high scientific-technological standard and utility value goes to the 770 enterprises that have been given the title "Enterprise of Outstanding Quality Work." The value of products with the "Q" quality mark rose to more than M47 billion.

Combines which considerably overfulfilled the plan targets in production with the "Q" quality mark are, for instance:

Rostock Shipbuilding; Erfurt Microelectronics; Leipzig "Werner Lamberz" Printing Combine; Karl-Marx-Stadt Household Appliances; Sondershausen Potassium.

Costs for rejects and additionally required work were down 11 percent; 30 combines attained reduction rates of 30 percent and more. The initiative aimed at flawless production made an essential contribution to this. More than 15,000 collectives in about 900 enterprises participated in this initiative.

The capacity and scope of in-house production of rationalization means was systematically strengthened. In-house production of rationalization means rose by 15 percent, thus exceeding the plan. About one-fourth of the equipment for rationalization investments was manufactured by the combines themselves. In spite of an already-high level of production, growth rates of 20 percent and more were attained by, among others, the following combines:

Jaenschwalde Brown Coal Power Plant; Regis Brown Coal Installation Construction; Jena Carl Zeiss; Erfurt Microelectronics; Leipzig-Grimma Chemical Installation Construction; Karl-Marx-Stadt "Fritz Heckert" Machine Tool Combine.

In numerous combines, in-house construction of rationalization means is purposefully being developed to an increasing degree -- in line with the requirements of the renewal process -- as the center of top modern technologies and as the main pillar of the material-technical preconditions for rapidly introducing of new products and methods into production. The manufacture of machinery and equipment in in-house production of rationalization means is taking place by increasingly integrating microelectronics into this process. Exemplary achievements include:

1. The development and construction of surface control test positions in the Erfurt Microelectronics Combine;

2. Rationalization of the cutting of metal sheet parts in the production of ventilation equipment, with a visible improvement in working conditions in the VEB Ventilation Installations, Berlin;

3. Development and production of test facilities for operational control of the newly developed "EAW audio 145" stereo radio recorder in the Berlin "Friedrich Ebert" Electrical Appliances Works;

4. More intensive application of microelectronics in the construction of new ferry boats in the VEB Mathias-Thesen Shipyard, Wismar.

Compared with the first half of 1986, during the first half of 1987, the following growth in net production and labor productivity and the following reduction in prime costs per M100 of goods' production were achieved in the individual sectors of the industrial ministries:

	Net Production	Labor Productivity	Reduction in Prime Costs
		-- in percent --	
Coal and energy	3.1	2.4	1.4
Ore mining, metallurgical industry, and potash	9.5	9.8	2.2
Chemical industry	2.2	3.0	0.5 increase
Electrical engineering, electronics	14.3	15.1	3.6
Heavy machinery and installation construction	6.1	6.6	2.4
Machine tools and processing machinery construction	8.7	9.5	2.7
General machinery, agricultural machinery, and vehicle construction	4.3	4.8	0.1 increase
Light industry	3.9	4.6	0.7
Glass and ceramics industry	6.0	6.4	0.7
Bezirk-administered industry and foodstuffs industry	6.3	6.8	0.9
Geology	8.2	7.3	3.0

The working people in the coal and energy sector, supported by helpers from the armed organs and other fields of the national economy, accomplished great achievements under the long, extreme winter conditions in supplying the population and the national economy with energy and fuels. The plan backlogs that arose at the beginning of the year were overcome in important areas.

The plan for raw brown coal production was fulfilled during the first half of the year. With regard to important products from domestic brown coal refining, the plan targets were overfulfilled. The plan lead amounted to 652,000 tonnes for sifted coal and to 16,259 tonnes for brown coal high-temperature coke. During the first half of 1987, 8.2 million tonnes of brown coal briquettes were sold to the population. The plan for city gas production was overfulfilled by 147 million cubic meters. Outstanding efforts were made to supply electricity to the population and the national economy. During the first half of the year, 57,136 gigawatt-hours of electricity were produced.

Great achievements are being accomplished in power plants in order to fulfill the stipulated repair and modernization program with high technological discipline and quality. A great share in this goes to the 845 young friends who are working to modernize power plants in the "Economical Use of Energy" FDJ initiative. At the end of April one of the two blocks shut down at the Boxberg power plant because of damage was put into service again. Work to put new electricity generating facilities into service on time in particular in the Jaenschwalde power plant, and in the Thyrow and Zschornewitz gas turbine power plants is proceeding according to plan.

The working people, mostly FDJ members, in the "Natural Gas Pipeline" central youth project in the USSR are accomplishing great achievements. Three condenser stations were completed and handed over. At the linear part of the "Progress" natural gas pipeline 100 km of pipeline were laid, as were 20 probe pipes with a length of 22 km at the underground gas storage facility in Biltshe-Volitskoye. Also completed were 590 housing units, a shopping hall, and a kindergarten.

Geological prospecting work took place according to plan. It led to an increase in supplies, in particular with regard to brown coal, raw materials for construction, and ground-water. The plan for natural gas production was fulfilled 101 percent.

In metallurgy further preconditions were created for the comprehensive transition to refinement metallurgy. Production of refined rolled steel ranges increased considerably faster than the overall rolled steel production. The proportion of refined ranges in the entire rolled steel output amounts to more than 81 percent. New and further development of refined metallurgical final products contributed to further reducing unit input of metal in the metal-processing industry and in the construction sector. Non-ferrous metallurgy supplied electrical engineering and electronics, in particular microelectronics, with special materials such as bond wires and base strip material.

On the basis of domestic mineral raw materials, the glass and ceramics industry increasingly produced high-quality goods for microelectronics, biotechnology, and refinement chemistry. New ceramic construction materials were developed and introduced into production. In the production of high-quality glass products a high growth rate was achieved. Production of glass parts for color television tubes rose by 16 percent and that of sheet and plate glass by 5 percent. Production of goods with the "Q" quality mark increased by 18 percent. Costs for rejects and additionally required work were reduced by one-fourth.

In the chemical industry, the economically efficient processing of crude oil products and imported natural gas was further increased. The proportion of light products, such as gasoline, diesel fuels, liquid gases, crude gasoline for the production of aromatic compunds and olefins, in crude oil processing accounted for over 60 percent. This made it possible to meet the national economic demands for fuel and chemical raw materials, with the consumption of crude oil remaining more or less constant. The economically utilized proportion of the processed crude oil substances rose to over 19 percent.

The central "Intensification of the Production of Highly Upgraded Chemical Fiber Materials" youth project was successfully continued.

A high growth rate was achieved with regard to the economically important products, such as base materials for plastics production, supplies for microelectronics and other branches of industry. The production of acrylonitrile, for example, rose by 28 percent, that of caprolactam by 9 percent, trichlorosilane by 26 percent, standard V-belts by 21 percent, data storage tapes by 5 percent, and pharmaceutical finished products for medical use by 10 percent.

In the outdoor plants of the basic chemical industry, which operate around the clock, shortfalls occurred at the beginning of the year because of the consequences of extreme weather conditions and owing to technical failures. The shortfalls are being successfully eliminated through the working people's high performances and by lowering the production expenditure.

In the sphere of electrical engineering and electronics, the production output was further improved in keeping with the requirements of the extensively expanded reproduction and with the needs of the population and the foreign market. An above-average performance and efficiency increase leading to accelerated development and application of microelectronics was achieved. The development of the Carl Zeiss Jena and the Erfurt Microelectronics Combines as centers of high technology continued. High productivity increases secured a significant output increase, particularly with finished products, which exert a decisive influence on the broad application of key technologies in the national economy. Labor productivity in the Carl Zeiss Jena Combine rose by 18.6 percent, in the Erfurt Microelectronics Combine it was up to 21.2 percent, and in the Dresden Robotron Combine there was an increase of 22.5 percent. Simultaneously these combines are constantly introducing new products and producing increasingly more high-quality goods. As regards the newly developed products, the proportion of products with the "Q" quality sign accounted for 58, 68 and 45 percent respectively in these combines.

By increasing the prodction of special technological equipment by 82 percent and that of microlithographic devices by 32 percent, important technical conditions for the manufacture of semiconductor components were created. The production of combined equipment for monitoring, regulation, and control in widely applied automation solutions was increased by 28 percent.

In the sphere of heavy machine and installation contruction, high growth rates in the production of modern equipment and installations for extracting, processing, and upgrading energy sources, raw materials, and by-products were achieved. The production of mechanical and electrical dust extraction plants rose by 7 percent and that of machines and equipment for foundries by 22 percent. In plants producing electrical energy an increase of 15 percent was accomplished. Production increases were also achieved regarding subcontractor products, which are important to the national economy. [paragraph continues]

The increase with regard to pneumatic products, for example, was 13 percent, in the case of pumps 3 percent, and with hydraulic products 6 percent.

In the sphere of machine tool and processing machinery building, machine tools for automatic production complexes and sections, which reflect a high scientific-technological level, have been developed and provided to an increasing extent. The proportion of products with "Q" quality marks in the entire goods production is 48 percent. The production of numerically and computer-controlled machine tools rose by 15 percent. The proportion of machine tools equipped with microelectronics in the entire machine tool production has steadily increased. In the case of metal cutting machine tools the increase was 74 percent and with sheet steel and massive forming it was 39 percent.

The production of processing machines substantially increased. The manufacture of machines and equipment for the polygraphic and paper processing industry rose by 16 percent and that of machines for the textile, clothing, and leather industry by 13 percent; 68 percent of the produced polygraphic machines and 62 of the textile machines are fitted with microelectronic devices.

In the sphere of general engineering, agricultural machinery, and vehicle building, a high growth rate was achieved in the production of a number of important machines and equipment. In order to secure the supply of the national economy and the fulfillment of the export tasks, in the construction of machines for essential and non-essential foods and beverages, the manufacture of installations for the foodstuffs industry was increased by 30 percent and that of packaging machines by 12 percent. The production of E 512 harvester-threshers rose by 33 percent and that of potato harvesting machines by 17 percent.

The range of high-quality consumer goods was extended through the application of microelectronics in household appliances.

In the case of some products, such as two-wheel vehicles, machines and equipment for soil cultivation, such as tractors, the production is still to be increased.

In the sphere of light industry, the production of new attractive high-quality goods for the population was continued on the basis of reinforced upgrading of indigenous raw materials. Of the consumer goods produced in the first half year, 48 percent have been newly developed. The purposeful rationalization and modernization of the production and the increasing application of CAD/CAM solutions led to a greater variety of patterns in numerous products, such as worsted fabrics, knitted outer wear, knitted underwear, and hosiery as well as stylish blankets, and to an expansion of the range of products. The manufacture of outer wear for boys rose by 7 percent, that of products and special products of the purse making industry by 6 percent.

Measures to improve the supply with children's shoes and clothes were adopted. An efficiency increase can mainly be achieved through a more efficient multi-shift utilization of the existing production facilities and by further rationalizing the production processes.

The foodstuffs industry provided the population with a steady supply of foodstuffs. In order to meet the growing demand for refined high-quality foodstuffs, newly developed soft drinks and decaffeinated drinks as well as ready-for-baking flour blends were offered. The range of special dark breads was expanded. The production of vegetable oils and fats rose by 6 percent.

Development of the production of important goods in the first half of 1987:

	Unit of Quantity	
Electricity	GWh	57,136
Raw brown coal	1,000 tonnes	152,756
Brown coal briquettes	1,000 tonnes	24,298
Brown coal pulverized fuel	1,000 tonnes	1,079
Rolled steel, total	1,000 tonnes	4,808
Including refined rolled steel	1,000 tonnes	3,913
Potash fertilizer	1,000 tonnes	1,758
Nitrogenous fertilizers	1,000 tonnes	640
Synthetic fibers	tonnes	43,175
Car tires	1,000 units	3,059
Unipolar integrated circuits	1,000 units	17,465
Bipolar integrated circuits	1,000 units	42,568
Special technological equipment for the production of active semiconductor components	million M	177
Microlithographic devices	million M	177
Combined devices for monitoring, regulation, and control	million M	92
Office, personal, and work station computers	units	19,858
Machines and equipment for the polygraphic and paper processing industry	million M	512
Machines and equipment for foundries	million M	70
Building machines	million M	426
Metal cutting machine tools	million M	1,560
Machines and equipment for the textile, clothing, and leather industry	million M	474
Packaging machines	million M	130
Products for hydraulics	million M	572
Special electrical equipment for road vehicles	million M	760
Children's outerwear	1,000 units	10,645
Hosiery and products of the purse-making industry	million M	506

Further progress was made in the economical use of material. The production increase was achieved by lowering the specific consumption of economically important raw materials and other materials by some 3 percent. In the case of important raw materials and other materials, such as cast steel, lamellar graphite castings, packaging carton, and cardboard, refined, electrolytic, and hard lead, specific consumption was reduced by 4 percent. The consistent utilization of the findings of science and technology in material saving, the growing application of key technologies as well as material-saving procedures and technologies in refining played a decisive role.

In the metal working industry, specific rolled steel consumption was reduced by a total of over 6 percent. Consumption of rolled steel was 30,000 tonnes lower than in the same period of last year while the production volume was increased by 5 percent.

The weather-related additional consumption of important energy has partly been compensated by purposeful initiatives, particularly by the accelerated application of the scientific-technological findings. The Zeiss Works drive "Full Production at Less Energy Consumption" made a significant contribution to this. In all the combines attempts are being made in keeping with this example to reduce the consumption of electricity lastingly and in all spheres and to reduce electricity-consuming work. The following combines have achieved outstanding results:

The Berlin Power Plant Construction Combine, the Brandenburg High-Quality and Special Steel Combine, the Eisenhuettenstadt "Hermann Matern" Band Steel Combine, the Hermsdorf Ceramic Works, the "Walter Ulbricht" Leuna Works, and the Magdeburg Apartment Construction Combine.

Half of the pledges aimed at bringing about an additional reduction in electricity consumption of a total of 1.5 million kilowatt hours in 1987 have already been fulfilled in the first half of 1987. In implementing the program providing for a more efficient use of energy, more energy is to be saved in all spheres of the national economy.

The supply of the national economy with raw materials and other materials was supported by an increased procurement of secondary raw materials and their comprehensive utilization. A stable procurement of steel scrap and returnable bottles was secured. The procurement of thermoplastic wastes from households, of glasses, wastepaper, and electronic scrap increased. Currently the proportion of secondary raw materials in the overall use of raw materials for the production of raw steel stands at 68 percent, copper at 68 percent, lead at 100 percent, and the manufacture of paper and cardboard at 50 percent. The utilization of technically and economically usable secondary energy increased as compared with the first half of 1986. The increase is equivalent to nearly 1 million tonnes of raw brown coal.

The FDJ drive "Economical Use of Material" and the FDJ initiative "Economical Use of Energy" made an effective contribution to the efficient utilization of raw materials, other materials, and energy, yielding a profit of M2 million. The members of the FDJ and the "Ernst Thaelmann" pioneer organization collected 360,000 tonnes of scrap and 80,000 tonnes of wastepaper.

Every household handed into the secondary raw material trade an average of 21 kg of wastepaper, 4 kg of old textiles, and 98 bottles and glasses. The procurement from households rose in particular in the bezirke of Magdeburg, Frankfurt, Schwerin, and Neubrandenburg.

The working people in the water management sector, supported by many helpers from the regions and enterprises, accomplished high achievements to ensure the drinking water supply, to further improve wastewater treatment, to supply industrial water for all sectors of the national economy, and to prevent flood damage. Performances for the maintenance of water management facilities rose by 12 percent. The tasks of implementing the housing program according to plan were fulfilled.

In order to improve water quality, the daily capacity of facilities for biological wastewater purification was raised by 210,000 cubic meters. At present three-quarters of all the wastewater is cleaned in purification plants.

Through increased recycling and multiple use of water, the application of water-saving technologies, and the economical use of water it was possible to reduce industrial unit input of water for production purposes by 3.8 percent.

The implementation of centrally planned projects to protect the environment and natural resources, such as the expansion and new construction of dust extraction plants in the Ruedersdorf Cement Works and in the Mansfeld "Wilhelm Pieck" Combine in Eisleben, and the expansion of facilities for 14 communal purification plants, including those in Berlin-Nord, Eisenhuettenstadt, Oelsnitz, Sonneberg, and Zschopau-Ost, is taking place according to plan.

Within the framework of a comprehensive research and development program, purposeful work is being done for high-capacity procedures to effectively reduce environmental pollution, while at the same time producing more raw materials or increasing the recycling of waste products. In a great number of test and pilot facilities -- including those in the bezirke of Halle, Karl-Marx-Stadt, and Leipzig -- the limestone additive process, fluidized bed firing, and other procedures are being developed in order to achieve an effective reduction of sulfur dioxide emission while at the same time increasing energy production.

In order to protect the natural environment, widespread cooperation is developing in many bezirkes between local organs and enterprises with close ties to the "Beautify our towns and villages -- Join in!" citizens' initiative.

III. Investments [subhead]

During the first half of 1987 investments amounting to M30 billion were made for the modernization, reconstruction, and expansion -- according to plan -- of the national economy's material-technical basis and for the continuation of the social policy.

More than half the economic investment volume was used in industry. Investments were primarily used to rationalize and modernize the existing basic assets and for the application of key technologies to ensure a strong increase in labor productivity and efficiency. The proportion of rationalization investments in the overall investment volume continued to increase in industry. In processing industry it rose to 79 percent. Rationalization investments were increasingly better linked with the modernization of existing basic assets and general repairs to increase performance. Efficient solutions which quickly guarantee a high economic benefit through low-investment modernization and rationalization of existing facilities were increasingly applied, in particular those involving the use of industrial robots and CAD/CAM technology.

During the first 6 months of this year, 6,100 industrial robots were newly installed within the national economy. Thus, the number of industrial robots rose by 73,000. The highest efficiency was reached in those places where they are used as a firm part of complex modernization solutions for entire production stages. Considerable overfulfillment of the norm targets for utilization in terms of time and to free labor for other economically important tasks by means of industrial robots was reached by, among others, the following combines:

Schwarze Pumpe "Fritz Selbmann" Gas Combine; "Walter Ulbricht" Leuna Works; Teltow Electronic Component Parts; Leipzig "Werner Lamberz" Printing Combine; Karl-Marx-Stadt "Fritz Heckert" Machine Tool Combine.

With the introduction of 6,000 CAD/CAM workstations and systems -- which were mostly handed over as FDJ youth projects -- their number rose to a total of 31,000 by the end of June. The focal points of the application of CAD/CAM technology are research and development, construction and design, software development, and production preparation and implementation.

During the first half of this year industry achieved an increase in industrial goods production of M6 billion by means of new facilities. The facilities completed in investment projects of great national economic important include:

1. Facilities for manufacture of microelectronic products: solid disk memory units in the VEB Robotron-Electronics, Zella-Mehlis; digitizing devices and monitors in the VEB Robotron-Electronics, Hoyersverda; semifinished glass products for fiber optical technology in the VEB Glass Works, Jena; silicon disks in VEB Trace Metals, Freiberg; solid-state circuits and silicon transistors in the VEB Semiconductor Works, Frankfurt (Oder); special technical equipment and component parts made of ferrite in the VEB Ceramics Factory, Hermsdorf; cable condensers in the VEB Isokond, Berlin;

2. Facilities for production, better utilization, and higher refinement of domestic fuels and raw materials: for the production of raw brown coal in the Groebern open pit mine; for putting two steam producers on line in the VEB Energy Combine, Leipzig, "Max Reimann" Heating Plant; for production of chlorine and caustic potash solution in the VEB Chemical Combine, Bitterfeld; for production of caprolactam and ammonium sulfate in the VEB "Walter Ulbricht" Leuna Works; and for production of gray cast iron castings in the VEB Metal Casting Works, Leipzig;

3. Facilities for the application of progressive working and processing methods for the production of goods such as peeled bright steel in the VEB Steel and Rolling Mill, Hennigsdorf; metallurgical rollers in the VEB Rolling Foundry, Coswig; equipment for chemical procedures in the VEB Germania, Karl-Marx-Stadt; large and medium-sized electric machinery in the VEB Electrical Engineering, Dresden; roller bearings in the VEB Roller Bearings Works, Fraureuth;

4. Facilities for the production of consumer goods such as cutlery in the VEB Steel and Rolling Mill, Riesa; quartz clocks in the VEB Clock Works, Ruhla; table linen in the VEB Oberlausitz Textile Enterprise, Neugersdorf; synthetic curtains in the VEB Plauen Curtains; knitted outer-wear in the VEB Apart, Apolda.

In investment activities increased efforts have to be aimed at reaching efficient solutions with low costs, and realizing every project with the greatest possible reliability.

The utilization in terms of time of important production equipment amounted to an average of 17.3 hours per calendar day. In the plant-intensive branches of primary industry utilization amounted to 19.3 hours per calender day, and in the branches of processing industry 16.6 hours. By using the experiences of such combines of the processing industry that are doing exemplary work in this field, as for instance.

A. Jena Carl Zeiss with 18.2 hours;
B. Hermsdorf Ceramics Factory with 18.5 hours;
C. Karl-Marx-Stadt Household Appliances with 17.4 hours;
D. Erfurt Microelectronics with 17.3 hours;
E. Leipzig "Werner Lamberz" Printing Combine with 17.6 hours per calendar day, further reserves are to be tapped.

Investments amounting to M7 billion were made in order to implement the housing program, for the education sector, the health and social sector, culture, recreation, physical culture, and sports.

The facilities completed during the first half of this year include a new teaching building of the Charite Medical Institute in Berlin, a multi-purpose rehabilitation building for physically handicapped children and adolescents in Suelzhayn, Erfurt Bezirk, and boarding facilities in the Leipzig "Henriette Goldschmidt" Pedagogical School for kindergarten teachers.

In the capital city of Berlin the reconstructed Nikolai Church was established as a museum and the Ephraim Palace and the Bode Museum, which has been reopened after extensive renovation work, were handed over to the public. The Zeiss Planetarium near the Ernst-Thaelmann Park, the Grand Hotel in Friedrichstrasse, and the first construction stage of the future main railroad station will soon be completed.

For the young people's leisure activities 6 youth club facilities with 900 places were built within the comprehensive housing program, and 11 youth club facilities with 912 places were completed with agricultural facilities and with the support of the Peasants' Mutual Aid Association and the Association of Consumer Cooperatives. Reconstruction and modernization measures were carried out in 18 central pioneer camps and 13 youth tourism facilities. In preparation for the summer vacations, six projects in central pioneer camps were completed.

IV. Construction Sector [subhead]

The working people in the construction sector fulfilled the planned tasks for the strengthening of the national economy's material-technical basis and for the further consistent implementation of the housing program. The basis for this were the construction workers' high readiness for work to make up for weather-related backlogs and further progress in comprehensive intensification and socialist rationalization.

Compared with the first half of 1986, net production rose by 3.8 percent and labor productivity by 4.7 percent. This continued the faster pace of labor productivity increase in comparison with production increase. Labor productivity rose faster than net production in 33 of the 52 centrally administered and bezirk-administered combines of the construction sector. Building output increased by 2 percent.

An important contribution to performance and efficiency development in the construction sector was made by those combines, which fulfilled the key targets of performance assessment with good results and reached a high performance increase through rising labor productivity. These combines include: Halle Chemical Building and Assembly Combine; Leipzig Light Metal Construction Combine; Magdeburg Motorway Construction Combine; Leipzig Technical Building Equipment; Magdeburg Housing Construction Combine; Frankfurt (Oder) Traffic and Civil Engineering Combine; the kreis-administered construction sector of Suhl Bezirk. During the first half of 1987 unit input of cement was reduced by 5 percent, that of rolled steel by 3 percent, and that of sawn timber by 3 percent. A considerable contribution to this was made by the application of cost-saving projects on the basis of CAD-solutions and the more intensive additional use of rationalization solutions.

A decisive factor for performance and productivity growth in the construction sector was the greater economic effectiveness of science and technology: 238 introduction tasks of the state plan and the science and technology enterprise plans were transferred to production, including:

1. New monolithic multi-story buildings with prestressed ceilings and modern technologies for variable facade design;
2. CAD or CAM solutions for preparation and implementation of industrial building projects and the modernization of apartment houses;
3. Greenhouses for agriculture with highly economical use of material and energy.

Prime cost per M100 of constructions sector output was generally reduced by 1.2 percent, including the reduction of material costs by 1.2 percent as well. In order to further raise the economy and quality of building, it is mainly necessary to reduce construction input, to reduce building times, and to reduce input of material, energy, and transportation while at the same time guaranteeing a solid quality of the buildings.

Performance increase in in-house construction of rationalization means amounted to 19 percent, thus overfulfilling the plan.

The speed of reconstruction, modernization, and building repairs for the maintenance of the existing building stock was further increased. In the building industry the growth rate amounted to 5.5 percent with regard to reconstructive building measures and building repairs. The proportion of these cost-saving measures in building output rose to 26 percent.

The centrally administered industrial building combines overfulfilled the overall building output plan with 100.4 percent. With regard to some projects the plan targets were not fully reached.

Output of the building materials industry was raised on the basis of domestic raw materials, and secondary raw materials and their higher refinement. The production plan of building materials and products of the prefabrication industry was fulfilled 100.3 percent. In particular light multi-layer elements, mineral wool and mineral wool products, manual assembly blocks, building locks and armatures, wall and floor tiles, as well as hollow blocks were produced in excess of the plan. Final products of the construction sector worth M1.2 billion were supplied to the population. This is 8 percent more than during the first half of 1986.

The housing program was speedily continued in its unity of new construction, modernization, and maintenance. A total of 101,643 apartments were handed over to the populace -- that is 4,243 more than planned. Among these are 51,062 newly built apartments, including 5,927 new owner-occupied apartments, and 50,581 apartments modernized from the existing building stock.

Increasingly more apartments were built on already developed areas in the cities. Together with housing construction in the cities, the attractiveness and efficiency of many residential areas rose. The communal facilities necessary for supply to, and care for the citizens were completed according to plan. In the "Rebuild and Expand" FDJ initiative 8,800 apartments were modernized or reconstructed.

Impressive progress was made in the maintenance of valuable building stock. The kreis-administered construction sector generally overfulfilled the plan for building repairs in apartment houses. The roof repair program set up for 1984-87 was fulfilled up to more than 95 percent by the end of June. Comparative performance appraisal shows, however, a still differentiated situation. Thus, in 46 kreise backlogs in building repairs in apartment houses totalling M15.6 million were permitted. In particular in some city districts of the capital city of Berlin and in Leipzig and Halle efforts have to be increased in line with the decisions of the Fourth SED Central Committee Session to repair roofs and house chimneys.

The population contributed with high achievements to the improvement of housing conditions. In the "Beautify our towns and villages -- Join in!" citizens initiative 96,144 apartments for the elderly and needy citizens were renovated.

The GDR building exhibition, which is the most comprehensive and convincing exhibition of achievements to date, impressively reflects the progress made in the capital city and in all bezirke in housing construction and in urban development, in industrial construction, in the building materials industry, and in building in the rural areas. By the end of June 267,000 citizens visited the exhibition. The exhibited top achievements, in particular with regard to the application of the key technologies, triggered important stimuli for the acceleration of performance and efficiency development.

V. Agriculture, Forestry, and Foodstuffs Industry [subhead]

The cooperative peasants and workers in agriculture, forestry, and the foodstuffs industry guaranteed stable supply of foodstuffs to the population and of raw materials to the industry. Further progress was made with regard to the transition to comprehensive intensification. Cooperation between the LPG's and state farms of crop and livestock production is expanding and becoming more effective. New initiatives for the struggle for high yields in the fields and increasing output in the animal-sheds were triggered by the decisions of the 13th GDR Peasants' Congress.

During the first half of 1987 state procurement of animal products with regard to slaughter animals, milk, and eggs was fulfilled or overfulfilled in all bezirke; 30,600 tonnes of slaughter animals, 203,600 tonnes of milk and 56.6 million eggs were supplied in excess of the plan.

	Fulfillment of the Half-Year Plan of State Procurement	Development Compared With the First Half of 1986
	-- in percent --	-- in percent --
Slaughter animals	102.3	102.0
Milk	105.5	99.4
Eggs	102.2	99.1

The good results of the first half of 1986 were repeated by the performance of the animal stocks and in the economical use of fodder. Losses of calves were reduced by 6 percent. Through more intensive use of best experiences further reserves for performance and efficiency increase can be tapped.

Animal stocks developed as planned. The stocks of sheep were further expanded.

In total, the following livestock was available on 31 May 1987:

	Number of animals in 1,000's
Cattle	5,822
of which, cows	2,032
Pigs	12,082
of which, sows	1,098
Sheep	3,033
Laying hens	25,724

The qualified work with animal-shed-related maximum yield concepts contributed to the good results of livestock production during the first half of 1987.

During the first half of 1986 4 percent more slaughter animals were purchased from individual production of cooperative peasants and workers with private plots, members of the Union of Small Gardeners, Settlers, and Small Livestock Breeders, as well as other small producers.

The cooperative peasants and workers carried out spring cultivation at high speed and with good quality, and made up for weather-related backlogs. Summer grain was sown on 0.5 million hectares. In total, 2.5 million hectares were sown with grain. The cultivation of new strains of grain, which had been approved during the past 3 years, was extended to more than 1 million hectares. Potatoes were cultivated on 451,000 hectares and sugar beet on 222,000 hectares.

State procurement of fresh vegetables was 1 percent above that of the first half of 1986.

Another 39,900 hectares of agriculturally usable land were developed for irrigation through reconstruction and new construction.

The lastest insights of science and technology were more comprehensively used in the LPG's, state farms, and other enterprises. An expression of the increasing application of key technologies, in particular microelectronics and biotechnology, are, for instance:

1. The application of sub-projects on computer-aided soil and stock management, in particular in irrigation, fertilizing, and plant protection;

2. Widespread use of microelectronics in fodder planning and correlated balancing, and in calculating optimal fodder rations;

3. Increasing application of biotechnological and microelectronic methods to further raise the animals' fertility and health.

At present more than 1,300 office and personal computers are being used in agriculture, 1,000 of which are used as CAD or CAD/CAM stations. To date 46 coordination contracts and 318 performance contracts have been concluded by the combines of the agriculture, forestry, the foodstuffs industry, and of industry with research centers and institutes of the Academy of Agricultural Sciences, the Academy of Sciences, and the universities.

The annual plan for in-house protection of rationalization means has been fulfilled 49 percent. In total, rationalization means worth M842 million were produced, that is 8 percent more than during the first half of 1986.

Working people in the foodstuffs industry directed their initiatives toward the effective processing of agricultural raw materials and supplying food to the population with increasing quality. They fulfilled the production plans in all state plan areas. In the combines of the foodstuffs industry, the net production plan was overfulfilled by 4.7 percent, the net profit plan by 6.4 percent, and the industrial goods production plan by 5.3 percent.

Forestry supplied 5 million cubic meters of rough timber to the national economy. This is 45,500 cubic meters more than envisaged by the plan. [paragraph continues]

Measures to protect forests and to further improve the fulfillment of land improvement tasks in connection with forests were carried out according to plan. In 1987, 350 million forest plants were supplied for afforestation and have already been planted in the woods. In order to avert new damage from smoke, a liquid leaf fertilizer has been developed and successfully tested in practice. The use of magnesium-containing limes has been intensified. Measures to care for the forests were taken on 86,900 hectares. An important contribution to the positive results of agriculture, forestry, and the foodstuffs industry was made by the young cooperative peasants and workers in the Fair of the Masters of Tomorrow movement, the "Livestock Production" FDJ initiative, the "Healthy Forest" FDJ drive, in the "Irrigation" youth project, and in the "Economical Use of Fodder" FDJ drive.

VI. Transportation, Posts, and Telecommunications [subhead]

In the transportation sector the working people accomplished great achievements in order to fulfill the transportation tasks of the national economy, in particular under the complicated winter conditions. Through further optimization of relations concerning cooperation, delivery, and transportation and broader application of economical transportation methods, the national economy's unit input in transportation was reduced by 3 percent. The tasks of transportation, loading, and unloading for the GDR's foreign trade and for transit traffic through the GDR were fulfilled in line with demand.

The railroads carried a total of 166 million tonnes of goods in inland and border-crossing traffic. In inland traffic 75 percent of goods transportation was carried out by the railroads.

The electrification, according to plan, of another 97 km of railroad tracks within the framework of the "Railroad Track Electrification" central youth project and the putting into service of the Schwein converter station contributed to raising the railroads' capacity. The future Berlin main railroad station was integrated into the electrified railroad network. The proportion of transportation carried out with electric locomotives rose to 40 percent. In container transportation performance rose by 3.6 percent. During the first half of 1987, 50 electric locomotives, 2,188 freight cars, and 2,619 containers were newly put into service. Domestic production of freight cars and passenger cars was carried out according to plan. Great efforts were made to increase the stability of the track network and to further reduce restrictions on using the tracks through concentrated utilization of all building facilities.

Performance development in inland navigation was limited due to weather conditions during the first quarter of 1987. In the second quarter, performances were above those of the same period last year. In inland road freight transportation, the transportation volume was reduced by 2 percent by fulfilling the economy's demand. The use of vehicles from public transportation and of the enterprises' own means of transportation is being made increasingly efficient by more comprehensively using complex, computer-aided coordination systems. In line with the requirements of foreign trade, performance in border-crossing transportation rose by 2 percent.

Maritime navigation increased goods haulage by 24 percent. Railroad ferry traffic between the GDR and the USSR transported 490,000 tonnes of goods. Loading and unloading in the maritime ports took place according to plan and amounted to 12.6 million tonnes.

Public means of transport carried 11.6 million people on average per day. These were over 100,000 people more per day than during the first half of 1986. In order to improve passenger transportation 67 streetcar wagons, 467 buses, and 83 passenger railroad cars were newly put into service. [paragraph continues]

In order to simplify dispatch processes in passenger traffic, counter printers and automatic dialogue machines [Dialogautomaten] for self-service ticket purchase are used on all long-distance railroad stations of the capital city and the bezirk cities. Commuter traffic was made more attractive and better for the environment mainly by further developing electric facilities. The development of the transport system for new residential areas was purposefully continued.

In the posts and telecommunications sector services to the population and the national economy rose through accelerated rationalization of the operating processes as well as through modernization and a higher degree of utilization of the existing facilities. Performance increase in telephone and teletype communications amounted to 5.1 percent. During the first half of 1987 a total of 26,400 main telephone linkups and 380 public payphones were newly established for automatic long-distance dialing.

The use of counter terminals was continued to further improve services in the post offices. At present 450 counter terminals are being used.

In nine GDR bezirke reception of GDR radio and television programs was improved by putting into service new high-capacity transmitters.

VII. Development of the People's Material and Cultural Standard of Living [subhead]

The national economy's increased capacity was used to ensure the people's material and cultural standard of living and to further develop it according to plan.

As a result of the continuation of the housing program, the core of the sociopolitical program, housing conditions improved for another 305,000 citizens. This mainly applies to workers families, families with many children, and young couples. The number of births rose compared with the first half of 1986: 114,941 children were born. With the increase of children's allowances as of 1 May 1987 -- from M20 to M50 for the first child; from M20 to M100 for the second child; and from M100 to M150 for the third and every following child -- another important measure to promote social security and protection of families with children was carried out in implementation of the decisions of the 11th SED Congress. For this measure about M2 billion are used per year.

The population's net money income rose by 4 percent on the basis of increasing production output.

Retail trade turnover increased by 3 percent. Stable supply of goods for everyday consumption to the population was reliably ensured. The offer of industrial goods, in particular with regard to a considerable number of consumer goods in high demand, was further improved.

Supply of essential and nonessential foods and beverages was further increased despite the already high per capita consumption.

Increase in the quantity of the supply of essential and nonessential foods and beverages compared with the first half of 1986:

	to percent
Meat, meat products, and sausages	102
Fat cheese and fat cottage cheese	106
Edible fats	101
Eggs	102
Ready-to-drink baby food	107
Sweets	104

Cocoa and chocolate products	103
Wine	106
Roasted coffee	105

With regard to industrial consumer goods, the ranges of new and further developed products -- which better meet the increasing demands on utility value, technical standard, attractiveness, and fashionable style -- were further increased. This includes, among other things, color television sets, radio recorders, loudspeaker boxes, deep freezers, household gas stoves, children's bicycles, and cosmetic products.

Increase in the quantity of supply of industrial goods from domestic production and imports compared with the first half of 1986:

	by
Tape recorders	47,300 units
Reflex cameras	9,800 units
Refrigerators	21,100 units
Gas stoves	4,200 units
Vacuum cleaners	8,900 units
Mixers and stirring devices	13,800 units
Motorcycles	2,800 units
Solid-fuel room heaters	17,300 units
Wristwatches for men and women	108,700 units
Training clothes	383,000 units
Tricot underwear for men and women	2.3 million units
Children's knitted outerwear	641,000 units
Children's parkas	487,000 units
Street shoes for children	957,000 pairs
Textile floor coverings	681,000 square meters

The sale of youth fashion products rose by 5 percent; 70 percent of youth fashion products were renewed.

A key issue of a good supply to the population is that each consumer goods producing enterprise fulfills the plan tasks and contracts on schedule and with the required ranges.

Services and repairs for the population underwent an increase of more than 5 percent. Output in car maintenance rose by over 20 percent, repair services to furniture and upholstered goods by 12 percent and to refrigerators, washing machines, and gas appliances by 6 percent. Photographic services were raised by 7 percent and opticians' services by 9 percent.

More than two-thirds of all services and repairs for the population are carried out by cooperative and private craftsmen. The crafts increased their services to the population by more than 5 percent. During the first half of 1987 about 2,000 licenses for new crafts enterprises were issued.

In public education the quality of teaching was purposefully raised. The polytechnical character of the secondary schools is further developing.

At all ten-grade polytechnical secondary schools further preconditions for the development of optional teaching were created. More than 310,000 pupils in the ninth and tenth grades are deepening and expanding their general knowledge in optical courses. At 1,490 secondary schools, courses on an "Introduction Into Marxist-Leninist Philosophy" are being held.

By establishing computer rooms in other polytechnical centers and extended [erweitert] secondary schools, conditions were set up to give pupils from the ninth grade onwards basic understanding in information and information processing technology.

In extracurricular activities new work groups were formed, especially in the fields of electrical engineering and electronics, construction, and agriculture.

In the 1986-87 school year about 2,300 pedagogical students for the first time attended all-year-round practical training in schools. Pupils of the seventh through tenth grades are taught general working skills in polytechnical lessons by 38,000 full-time and part-time teachers. In more than 6,000 youth initiation ceremonies 174,400 girls and boys made their vows.

In order to further improve material conditions, 624 classrooms, 39 school gymnasiums, 216 places in boarding schools, and 7,135 kindergarten places were newly established or modernized. All children of the relevant age groups whose parents so desire are enabled to attend a kindergarten or day-care center.

Vocational training was perfected in line with the demands of scientific-technological progress. In September 1986 the subject "Bases of Automation" was introduced in all vocational schools and training in information technology was started. Every fifth vocational school has a computer room. The FDJ has accepted patronage [patenschaft] over information technology training. It is guaranteed that all young people receive an apprenticeship or a place for studies, and that they get a job after concluding their training. More than 90 percent of apprentices are actively participating in the Fair of the Masters of Tomorrow movement.

By passing the skilled workers' tests, 95 percent of apprentices reach permanent skilled workers' performances.

Advanced training is developing more and more into a pillar equal to basic training. One out of four workers and employees participates in advanced training measures within the framework of adult training. Working people are increasingly enabled to master the new work contents, methods, and conditions resulting from the application of key and high technologies, as well as the traditional demands of their jobs. Efficient cooperation between enterprises, combines, training institutions, the Chamber of Technology, and URANIA was further developed.

In the university and technical school sector the effectiveness of teaching, studies, and research was further raised. On the basis of coordination contracts, the universities' and colleges' relations with combines were expanded and deepened. At present there are about 180 coordination contracts between centrally administered industrial combines and universities and colleges, which are concretely reflected in 1,900 performance contracts. Training of students in basic information technology and practical application of modern computer technology in the individual branches of study were qualitatively improved. Currently there are more than 250 computer rooms at universities and colleges. In the "Scientific Equipment Construction" FDJ initiative M2.5 million was raised. Universities and technical colleges are increasingly adjusting to the requirements of advanced training. At the universities, colleges, and technical colleges more then 120,000 students per year are participating in short-term and long-term advanced training, such as information technology, microcomputer technology, CAD/CAM technology, introduction to programming languages, user software for office computers, and training courses in biotechnology.

The health and social sector increased its efficiency by further expanding -- according to plan -- in-patient and out-patient basic medical care for the citizens. Preventive medical care as a task of the entire state was further developed. At present 39,600 physicians and 12,200 dentists are working in medical care for the population.

The network of health institutions is expanding according to plan. The introduction of many additional consultation hours early in the morning, late in the evening, and on Saturdays makes it possible for many working people to visit their family doctor outside working hours. Particular efforts were directed toward effectively improving care by the family doctor for the citizens in large cities and workers' centers.

In hospitals and clinics conditions of care for patients were improved by further new construction and modernization measures and by introducing new diagnostic and therapeutic methods on the basis of results from science and technology. During the first half of this year more than 4,000 artificial hip joints were implanted, about 130,000 treatments with artificial kidney were carried out, and further pacemakers of a higher quality were made available. More than three-fourths of all working people are taken care of from an industrial medical point of view by the enterprise health system.

A total of 180,000 adults and children received therapeutic, preventive, and convalescence cures. Shift workers and working women were primarily taken into consideration when cures were granted.

Particular attention was paid to medical and social care for working mothers and their children. Advisory services for mothers were further improved. During the first half of 1987 another 2,491 places in nurseries were established or modernized.

The number of places of old-people's homes and nursing homes available for elderly citizens rose to 140,000 and that of places in apartment houses for elderly citizens to 34,000. Some 21,000 physically and mentally handicapped children and adolescents are taken care of in appropriate institutions. A total of 44,000 rehabilitants can be integrated into the work process in sheltered workshops, enterprise departments, or at individual workplaces.

Physical culture and sports were fully characterized by the preparations for the Eighth Gymnastics and Sports Festival and the 11th GDR Children and Youth Spartakiad. The "Sports Festival and Spartakiad Relay" triggered manifold activities among the 3.6 million members of the German Gymnastics and Sports Federation and led to a further upswing in mass sports and to the enrichment of sports life. More than 3 million citizens participated in the people's athletic competition for the final games in Leipzig.

A total of 64,000 children and young people participated in the competitions of the winter sports Children and Youth Spartakiad and 1 million participated in the summer sports kreis spartakiads.

The GDR athletes won 29 gold medals, 26 silver medals, and 25 bronze medals in world and European championships during the first half of 1987.

The Eighth Congress of the Society for Sport and Technology in Karl-Marx-Stadt impressively proved the increased abilities of the members of this socialist mass organization.

Impressive cultural events and new works of art bear witness to the cultural workers' and artists' creativity and deep affinity with their socialist state.

The authors' discussion under the motto "Berlin — a venue for peace," which was held at the invitation of the GDR Writers' Association, was of particular cultural importance. Authors from three continents had a frank discussion about the responsibility of literature in the struggle to preserve peace. With a manifestation of the Berlin writers on Bebelplatz on the 54th anniversary of the fascist burning of books, reputed writers, young authors and translators demonstrated their ties to the great traditions of the humanist literature that was burned by the fascists.

The opening concert on the 750th anniversary of Berlin in the traditional Schauspielhaus became an outstanding event. During the first half of 1987 more than 350 top ensembles, orchestras, soloists, and directors from all continents toured Berlin. Many of these events also took place in other cities of the republic, so that — through television and radio broadcasts — many millions of citizens in all parts of the republic were able to experience the great political and cultural events on Berlin's 750th anniversary. The country's young people conveyed their greetings on the 750th anniversary with the concert of the Central Music Corps of the FDJ and the pioneer organization on the Platz der Akademie and with the "Rosa-Luxemburg-Platz FDJ Meeting. The children of the capital city spent eventful hours at the great Berlin children's festival around the television tower on International Children's Day.

Numerous exhibitions were opened on Berlin's anniversary. These include the exhibitions "The Medieval Trading City Berlin-Coelln" in the Nikolai Church, the photo exhibition "Berlin 1945-87" in the Franciscan Monastery Church, the exhibition "Art in Berlin 1648-1987" in the Old Museum, and "Treasures of the Museums in Moscow's Kremlin" in the Bode Museum. At the initiative of the FDJ Central Council and the GDR Association of Graphic Artists, 622 works of art from 237 graphic artists and 33 lay artists were handed over to the Berlin Charite Medical Institute within the framework of the "Pictures for the Charite" campaign.

Important contributions to the capital city's anniversary were the reopening of the reconstructed Nikolai Church and the Ephraim Palace. The "Eighth Festival of GDR and USSR Youth" in Gera was a powerful manifestation of the young people for socialism, peace, and friendship. The FDJ made the "Festival of the Political Song" and the "Rock for Peace" rally additional highlights in the young people's cultural life. Important cultural events during the first half of 1987 included the First National Theater Festival of the GDR, the 11th Biannual Music Festival in Berlin, the GDR ballet competition in Dessau, the Tenth Dresden Music Festival, the GDR Choir Festival in Eisenach, the Eighth National Singers' Competition, the "Golden Sparrow" Fifth National Children's Film Festival in Gera.

Numerous GDR orchestras and ensembles made successful tours to many countries. The Gewandhaus Orchestra gave guest performances in the United States and Japan. The Berlin State Opera ensemble made a tour to Japan and the Dresden State Orchestra gave a guest performance in Great Britain. The Leipzig Opera performed in Italy and the choir of the Berlin State Opera in Antwerp. The participation of around 800 cultural workers in the 11th Duisburg Accents contributed to the GDR's most comprehensive cultural presentation in the FRG so far. This year's International Leipzig Book Fair furnished convincing evidence of the creativity of the GDR's authors. With over 1000 publishers from 22 countries it represented manifold cultural contacts and lively trade activity. In the first half of 1987, the GDR publishing houses published 2,800 book titles and printed a total of 66 million copies. In the same period 10 million records and music cassettes were produced.

Press, television, and radio have promoted the social exchange of experiences and performance comparisons for the further implementation of the unity of economic and social policy. This is particularly true for the spreading and broad application of scientific-technological progress, of key and high-technologies, as in the program "Race against time" and the special new series "Computer hour" on television.

New television programs for young people have gained great popularity in the GDR.

VIII. Foreign Trade [subhead]

In the first half of 1987 goods worth 83 million valuta marks were imported and exported. An export surplus of 2.2 million valuta marks was achieved in trade with the socialist and non-socialist states.

Socialist economic integration with the USSR and the other CEMA countries was continued by implementing the long-term agreements. In the first half of 1987 the GDR's foreign trade turnover with the socialist market was 57 billion veluta marks. This accounts for more than two-thirds of the GDR's entire foreign trade turnover.

The "Long-Term Program for Development and Cooperation Between the GDR and the USSR in the Field of Science, Technology, and Production Through the Year 2000" is being purposefully implemented. Deliveries to the USSR scheduled for the first half of 1987 were carried out. New products reflecting a high scientific-technological level are increasingly determining the GDR's export program.

The current 170 governmental and ministerial agreements, as well as 33 branch programs furnish convincing evidence of the degree of intertwining of both national economies. More than 100 governmental and ministerial agreements provide for the joint development and application of key technologies and the production of new goods. The joint research and development tasks play a particularly important role in the sphere of microelectronics. The proportion of special products in the mutual goods exchange reached around 75 percent in the field of microelectronic components and special technological equipment. Further progress was made in the development and application of electronic computer technology, of CAD/CAM technology, flexible automated production systems and robot technology, of highly effective metal working technologies, of new materials, and of biotechnology.

With regard to the implementation of the agreement on the development of direct relations in the fields of science, technology, and production between GDR combines and enterprises and USSR associations and enterprises, some 100 separate agreements have been concluded. They are designed to contribute to increasing the national income of both countries and to fulfill the tasks outlined in the agreements and treaties in an efficient manner. These agreements include, for example:

1. The agreement between the VEB "Walter Ulbricht" Leuna Works and the "Polimir" Novopoltsk production association providing for the intensification of the production of high-pressure polyethylene and its copolymers, as well as for the development of new composition materials;

2. The agreement between the VEB Tractor and Diesel Engine Works Schoenebeck, and the "Gomselmash" Production Association designed to create a new series of precision field choppers and to unify components;

3. The agreement between the VEB Sewing Machine Works Wittenberge and the Production Association "Podolskshveymash" Podolsk providing for the joint development of electronic household sewing machines.

Starting from socialist economic integration, economic relations with the states of the nonsocialist market were further developed on the basis of equal rights and mutual advantage. Trade relations with the developing countries were effectively linked with scientific-technological cooperation, cadre training, consulting activities, and industrial cooperation projects.

The 1987 Leipzig Spring Fair impressively reflected the GDR's internationally respected position as a socially stable and dynamic factor which actively promotes peaceful cooperation between the states. It again underlined the GDR's basic interest in the dynamic, trouble-free development of world trade on the basis of peaceful international relations characterized by reason and realism.

The positive balance of the first half of 1987 gives proof that the resolutions of the 11th SED Congress aimed at further shaping the developed socialist society determine the actions of the working people throughout town and country. Their achievements are an expression of their will to do their level best for the successful continuation of the course of the unity of economic and social policy, which with its results serves the strengthening of socialism, the safeguarding of peace, and the well-being of every individual.

Fully in the spirit of the decisions of the Fourth SED Central Committee Session, the working people are striving to achieve a product-related overfulfillment of the 1987 national economic plan in close connection with the thorough discussion of targets and tasks of the 1988 National Economic plan. In this, the most important task is to ensure the complete fulfillment of the planned, balanced products, the production of goods with sufficient quantity, value, and quality, as well as the complete honoring of all concluded agreements in a reliable manner, day by day, decade, by decade and month by month in all enterprises and combines. The 70th anniversary of the Great October Socialist Revolution, which introduced a new epoch in world history, is being prepared by the GDR citizens with great social and economic performances.

Inspired by the offensive and forward-looking position in the successful implementation of the 11th SED Congress, the working people are strengthening their fatherland with new deeds.

BRIEFS

AGRICULTURE MINISTER IN BRITAIN — On 8 July Bruno Lietz, GDR minister of agriculture, forestry, and the food industry, met John MacGregor, British minister of agriculture, fisheries, and food. In talks which took place in an open-minded and businesslike atmosphere, the two sides expressed the desire to expand cooperation and to aspire to a qualitatively higher form of cooperation. The ministers agreed that the already existing relations in the agricultural sector offer good chances for developing collaboration. Favorable preconditions also exist, among other areas, in the area of the chemicalization of agriculture and in scientific work, they said. Bruno Lietz recommended that steps be taken within a definite framework. John MacGregor gave the assurance that this proposal will be examined. The ministers also discussed joint interests in the processing industry. The British agriculture minister accepted with gratitude an invitation to pay a return visit to the GDR. [Text] [East Berlin NEUES DEUTSCHLAND in German 9 Jul 87 p 1 AU]

MALAYSIAN PREMIER ARRIVES, MET BY VARKONYI

LD261411 Budapest MTI in English 1404 GMT 26 Jul 87

[Text] Budapest, July 26 (MTI) -- On Sunday Dr Mahathir Mohamed, prime minister of Malaysia, accompanied by his wife, arrived for an official visit to Hungary on the invitation of Karoly Grosz, chairman of the Council of Ministers. The guests were met at the airport by Dr Peter Varkonyi, minister of foreign affairs, as well as Gyula Baranyi, Hungarian ambassador accredited also to Malaysia, and Zainal Abidin bin Mokhtar [name as received], Malaysian ambassador accredited also to Hungary.

The high-ranking guest is spending the day with sightseeing and rest. The official programme is to begin on Monday with talks after the formal reception at Lajos Kossuth Square.

DEPUTY PREMIER MAROTHY PAYS VISIT TO PRC

For PRC media coverage of the visit of Deputy Premier Laszlo Marothy, member of the MSZMP Central Committee Politburo, to the PRC, see the East Europe section of the 28 July China DAILY REPORT and subsequent issues.

PEACE OFFICIAL ON RIGHT TO TAKE INDEPENDENT STAND

LD271745 Budapest MTI in English 1534 GMT 27 Jul 87

[Text] Budapest, July 27 (MTI) -- The delegation of the Hungarian peace movement was the first among the peace movements of the socialist countries which, reserving itself the right to take an independent stand, signed the appeal of the movement of the European Nuclear Disarmament (ENO), thereby becoming a fully authorized member, and attaining the right to actively contribute to the preparation of the dialogue to be held in Sweden next year, said to the MTI Miklos Barabas, general secretary of the Hungarian Peace Council, head of the delegation that attended the 6th convention of the "ENO".

The proposal, made in Coventry by the Hungarian Peace Movement and under which Budapest could host a European conference on confidence building and further developing the Helsinki process in 1988, aroused considerable attention. Though delegates at the convention could not come to an agreement on every issue, the atmosphere was determined by those striving for agreement. As a result, for the first time in the history of the conferences, the participants adopted a joint appeal calling for actions in the disarmament week of the United Nations, at the end of October.

HEAT WAVE AFFECTS AGRICULTURAL PRODUCTION

AU271030 Budapest NEPSZABADSAG in Hungarian 25 Jul 87 p 1

[Correspondent's report: "Thirsty Fields are Irrigated -- Installations Are Working Constantly -- Agricultural Farms To Receive Allowances"]

[Excerpts] As it turned out, there was enough rain by the end of June to provide enough water for the development of plantations. Temperatures were also favorable. At the beginning of July, however, a change took place. Agricultural and water affairs experts registered an increasing number of hot days in their diaries. In Szolnok County there are areas in which not a single millimeter of rain has fallen for 3 weeks. [paragraph continues]

The situation is critical in Borsod, Szabolcs, Bekes, Csongrad, and Hajdy counties, and in some areas irrigation is being used as never before in the last 20 years. There is a ban on watering gardens. Is there enough water for irrigation?

Gyorgy Szilard, head of a main department at the National Water Affairs Office, informs us: "There has been no need to limit the supply of water for irrigation so far, and we hope no need for such a move will emerge." "We are facing more serious problems in the area of the Koros rivers. At present agricultural farms are irrigating 260,000 hectares of arable land, 90,000 hectares from storage lakes and 170,000 hectares by means of irrigation installations." [passage omitted]

According to the latest evaluation of the situation, humidity has dropped to 30-40 percent in the 50-centimeter surface strata of the soil (the optimal value would be 70 percent), and thus irrigation is necessary even if a shower falls on these areas. Only a long period of rainfall could solve the soil-humidity deficit.

STATISTICS SHOW INCREASE IN ENERGY CONSUMPTION

AU271213 Budapest NEPSZABADSAG in Hungarian 24 Jul 87 p 1

[Correspondent's report: "Balance of the First 6 Months of the Current Year--Energy Consumption Has Increased"]

[Text] The first half of the current year has not brought favorable results in energy consumption: The people's economy consumed a total of 3 percent more energy than in the same period last year. Contrary to this year's plan that stipulated only a minimal increase, there was surplus consumption because of bad weather: In the heating season, the average daily temperature was 1.4 degrees Centigrade lower than usual, and in May, which was much colder than usual, the average day-time temperature was 4 degrees Centigrade lower than the previous year. All this shows that surplus consumption took place primarily in the population-service sector.

Domestic production made up 50.3 percent of energy products, the rest came from imports. As for the structure of energy materials, hydrocarbons made up 61 percent of the energy materials used, about the same as in the previous year. The percentage of coal increased from 22.9 percent in 1986 to 24.4 percent this year.

Production of hydrocarbon energy materials was similar to that of last year. Energy enterprises supplied more than 970,000 tonnes of mineral oil and about 3.5 billion cubic meters of natural gas.

Coal mining industry produced 11,036,000 tonnes of coal in the first half of the current year, slightly more than in the same period last year. Within this, 7.5 million tonnes of coal came from deep-working mines, 500,000 tonnes from the so-called shelf surface mines, and more than 3 million tonnes came from the Matraalja Surface Mines.

We used 20.2 billion kilowat/hours of the electrical energy in the first half of the current year, 6.2 percent more than last year.

Thus, as a whole, both the overall energy consumption of the people's economy and electrical energy consumption exceeded planned levels. It is advisable, therefore, to draw attention to the fact that rational energy consumption and energy saving continue to be indispensable.

JARUZELSKI RECEIVES U.S. JOURNALISTS 27 JULY

LD280330 Warsaw Domestic Service in Polish 1800 GMT 27 Jul 87

[Text] Wojciech Jaruzelski today received representatives of the U.S. newspaper THE WALL STREET JOURNAL: Karen House, chief of the overseas section, and Robert Keatley, editor of the European edition of the publication, to whom he gave an interview. Also taking part in the reception was Barry Newman, the permanent correspondent of THE WALL STREET JOURNAL in Warsaw.

CHARTER OF PRIVATE ECONOMIC ENTERPRISE ADOPTED

AU241401 Warsaw PREZEGLAD KATOLICKI in Polish 12 Jul 87 pp 3, 5

["The Charter of Private Economic Enterprise Adopted by the Scientific Conference on 'The Private Nonagricultural Sector of the PPR Economy', Organized by the Economic Section of the Social Sciences Department of Lublin Catholic University in Kazimierz Dolny nad Wisla in April 1987"]

[Text] On the strength of the analyses contained in the reports and the discussion at the scientific conference devoted to "The Private Nonagricultural Sector of the PPR Economy" and organized by the Economic Section of the Social Sciences Department of Lublin Catholic University, economic scientists and practitioners adopt the following Charter of Private Economic Enterprise, which they submit to the public, especially to the communities concerned, in order to propagate the charter's following principles, ideas, and postulates:

1. Proceeding from the principles of the Catholic social sciences we profess that private ownership of production means and private economic enterprise based on this ownership are rooted in natural law, constitute basic human rights, guarantee man's freedom and dignity, and are important elements of the comprehensive development of human beings and society. Private ownership is the foundation of the realization of the basic priniple of mutual assistance, in line with which social life should be concentrated in groups placed between the individuals and the state. The private production enterprise is such an intermediate group in the area of the economy. Working in one's own business and taking one's own risks help to increase a sense of responsibility and are the main forms of participation in the social process.

2. Private economic enterprise is the most effective method of managing and organizing production factors -- a method that makes it possible to reduce costs to a minimum, to curb waste, and to liberate the economy from its enormous bureaucratic and administrative burdens.

3. Private economic enterprise is maximally capable of technological as well as organizational and social innovation and occupies that area of the economy in which technological and organizational progress, subjected to economic rigors, is most rapid.

4. Private economic enterprise is the most flexible form of production and service activities, and this is the reason why it is able to optimally meet the needs of society and to adapt producton and supply to needs and demand.

5. Operating in line with principles of business accounting, private economic enterprise is able to optimally administer production factors, choosing those lines and that speed of economic development which are consistent with the needs of society.

6. Private economic enterprise mobilizes people for action, triggering the energy, ingenuity, initiative, and perseverance of entrepreneurs and inducing them to make sacrifices, which help to tap hidden production reserves and to promote the country's self-development, even if its resources are modest.

Thanks to these virtues, private economic enterprise may become that main economic force which will be able to rescue our country, which is sinking more and more into the crisis, from its tragic situation and to reverse the trend, that is, to overcome the crisis and to restore our economy's ability to develop.

7. Private economic enterprise must be able to operate under conditions of the free market for goods, capital, and labor -- conditions whose crucial characteristic is pressure exerted by powerful competition. If there is no free market or if it is subjected to restrictions, private economic enterprise falls prey to pathological deviations, which make the private sector similar to the inefficient and wasteful state sector of the economy, on the one hand, and, on the other hand, create pretexts for attacks against the private sector. Such attacks, which are based on hypocritical arguments pretending to protect society's interests, reduce the activities of the private sector.

Society's interests require a complete and untrammeled development of private economic enterprise. It is necessary to establish a multisector economic system in Poland in order to ensure a proper and lasting place within it for the private sector in the form of not only handicrafts, but also industrial production.

9. Private economic enterprise must not be treated as a means to an end and as a periodical shock absorber of the PPR's successive crises occasioned by inefficient state socialism, an absorber that is jettisoned as a superfluous mechanism as soon as the crisis is over.

As fully fledged citizens, people operating in the private sector of the economy must have the right to enjoy permanent and long-term prospects for developing their businesses and to be legally and politically sure that their economic existence is guaranteed and stable. This right should be elevated to the status of the most important law, that is, the Constitution should include an appropriate formulation that recognizes private economic enterprise as a permanent and equal element of Poland's economic, legal, and social structure -- a formulation similar to that on private farming.

10. The theses on the second stage of the economic reform, which have now been published, do not give adequate attention to the private, nonagricultural sector. We think that the economic reform, especially its second momentous stage, must give broader attention to private economic enterprise, which should be able to take every advantage of the announced liberalization of state and cooperative enterprises. This is because only adequate development of the private sector will make it possible to regulate market transactions on a large scale and thus to achieve economic balance.

11. The constitutional guarantees and new order ushered in by the second stage of the economic order must result in an appropriate fiscal policy. There should be an end once and for all to all fiscal practices that discriminate against private enterprise and are synonymous with the use of taxes to pursue a restrictive policy.

In particular, the principle and practice of discretion on the part of fiscal authorities in determining taxation levels should be eliminated in favor of stable taxation regulations.

12. The need to obtain a license in order to engage in private economic enterprise should be eliminated. It should be replaced by a system whereby it is sufficient to declare that one intends to undertake such activity. This is the only course that accords with the principle of free entry to production and the market. This is the only type of practice that will ensure genuine and effective competition, which protects private enterprise from the distortions that arise from monopolies, and will limit the extent of corruption.

13. In order to realize the principle of free economic activity in practice, it should also be recognized that private enterprise enjoys the same rights as other sectors of the economy with regard to the provision of supplies and distribution. Private manufacturing and service sector enterprises must have free access to production inputs, including credits and foreign currency, acquired on commercial terms. In selling its output, private economic enterprise should not be discriminated against -- neither openly nor by way of issuing confidential recommendations -- by the state or cooperative retail trade networks. Private enterprise should also be permitted to engage in foreign trade, both importing and exporting, and should be permitted to conduct the foreign currency transaction that this entails on a commercial basis.

14. There should be an end to discrimination against private enterprise and the people working in the sector in all other areas of social life. There should, therefore, be an end to propaganda that burdens private enterprise with charges of speculation; there should be an end to the semi-official use of such pejorative terms as the "private trader-profiteer" [prywaciarz] in relation to people working in the private sector, terms that sound offensive to the public, which is the intention of those who use them. The pathology that is evident in the private sector is the result of pathology in the system generally.

In official terminology the term "non-socialized economy" should be replaced by the unambiguous "private economy."

We have no reason to be ashamed of also using the term "private" in relation to economic activity as privacy is an important human right. On the other hand, the word "non-socialized" is not only a term used for classification purposes but also a normative term that implies a negative appraisal. Yet the private economic sector is more "socialized" than the nationalized part of the economy in that it responds more quickly and appropriately to social needs. The importance of the private sector should be reflected in economic statistics, which should accurately show its scope, structure, and contribution to the creation of national income and national wealth.

15. In order to present and defend its interests private enterprise should have its own form of self-government in the form of a chamber of industry and commerce, which should also perform the role of an independent sociopolitical representative body that operates and is formed on democratic principles. It is necessary to revive the ethos of the private entrepreneur as a person and citizen who performs an important, useful, and responsible social function. People working in the private sector should have a greater feeling of personal worth.

FURTHER ON VISIT BY GREECE'S PAPANDREOU

Official Talks Begin

AU271855 Bucharest AGERPRES in English 1813 GMT 27 Jul 87

[Text] Bucharest, AGERPRES, 27/7/1987 -- Official talks took place in Neptun Resort on Monday, July 27, between Nicolae Ceausescu, president of the Socialist Republic of Romania, and Andreas Papandreou, prime minister of the Hellenic Republic.

President Nicolae Ceausescu warmly greeted the Hellenic prime minister, expressing the confidence that the new meeting, the talks conducted would give new vistas and dimensions to the collaboration and traditional friendship between Romania and Greece, between the peoples in the two countries.

The Hellenic premier expressed great satisfaction at meeting President Nicolae Ceausescu again and at continuing the friendly summit dialogue, an essential factor of the continuous strengthening of the Romanian-Hellenic relations, of giving them ever more sound foundations.

The talks covered some questions of development of the bilateral relations and a comprehensive exchange of views on some current aspects of the international situation. In particular, problems related to disarmament in Europe and the world over, especially the issue of liquidating the nuclear weapons were discussed. Likewise, central to the talks were questins in connection with the consolidation of the collaboration and cooperation in the Balkans, the transformation of this region into a zone free of nuclear and chemical weapons and of foreign military bases.

At the close of the talks, President Nicolae Ceausescu and Premier Andreas Papandreou expressed their satisfaction at the results of the visit, of the talks conducted, at the common stands and assessments expressed in connection with the major issues of international life. It was agreed that the Romanian-Hellenic summit consultations be continued, that the collaboration between Romania and Greece in international arena be intensified, so as to contribute in future as well, to the settlement in the interests of the peoples of the fundamental issues of peace and disarmament, of establishing a climate of security, confidence and collaboration in the Balkans, in Europe and the world over.

The talks proceeded in an atmosphere of warm friendship, understanding and mutual regard. The visit occasioned the endorsement of a declaration-and-call.

Prime Minister Andreas Papandreou of the Hellenic Republic renewed the invitation extended to President Nicolae Ceausescu of the Socialist Republic of Romania and to Mme Elena Ceausescu by the President of the Hellenic Republic, Khristo Sartzetakis and by himself to pay an official state visit to Greece the soonest.

European Disarmament Proposed

NC271843 Athens Domestic Service in Greek 1700 GMT 27 Jul 87

[Excerpt] During talks today with Romanian President Nicolae Ceausescu, Prime Minister Andreas Panandreou, who is on an official visit to Romania, proposed the abolition of NATO and the Warsaw Pact. A Hellenic Radio-Television 1 correspondent reports:

[Begin recording] In a brief address at an unofficial luncheon today, Prime Minister Andreas Papandreou suggested to Romanian President Nicolae Ceausescu the abolition of both NATO and the Warsaw Pact. Both President Ceausescu and we believe that NATO and the Warsaw Pact should not linger long, the Greek prime minister declared. He added: I think enough decades have passed since World War II, and we Europeans have a right to envision a Europe without nuclear or chemical weapons, without involvement in the domestic affairs of other countries. When that is the case, Papandreou concluded, in our opinion World War II will be over and Europe will have begun a new course.

The prime minister also supported a balance of conventional forces in Europe at the lowest possible level, through reduction of the forces of those with arms superiority.

During the Papandreou-Ceausescu talks it was established that there is agreement on the questions of peace, nuclear demilitarization, and support for agreement between the United States and the Soviet Union to remove short-and medium-range missiles.

The Papandreou-Ceausescu meeting also gave important impetus to the question of inter-Balkan cooperation. Characteristic of the climate of the Papandreou-Ceausescu talks were the Romanian president's references to shared ideas and his warm remarks on Greek and Romanian ties, saying that though they belong to different blocs they also belong to the same bloc, that of peace, independence, and economic and social progress.

In addition to discussing inter-Balkan cooperation, noting their goal of making the Balkans a zone of peace, free of nuclear and chemical weapons, Papandreou and Ceausescu also discussed bilateral relations, which have been described by both as exemplary. The two leaders voiced satisfaction with their talks and stressed their personal and friendly relations. [passage omitted] [end recording]

Luncheon Toasts Exchanged

AU271606 Bucharest AGERPRES in English 1426 GMT 27 Jul 87

[Text] Bucharest, AGERPRES, 27/07/1987 -- On July 27 President Nicolae Ceausescu gave a luncheon in the resort of Neptun in honour of the prime minister of the Hellenic Republic, Andreas Papandreou.

In the attendance were Romanian Prime Minister Constantin Dascalescu, Emil Bobu, Gheorghe Oprea, Ion Stoian, Ioan Totu, Silviu Curticeanu and other officials.

Also present were the officials accompanying the Hellenic prime minister on his visit to Romania. Greece's ambassador to Burcharest was also in the attendance.

During the luncheon, which passed in a cordial atmosphere, President Nicolae Ceausescu and Premier Andreas Papandreou proposed toasts. Addressing the Romanian and foreign journalists in the attendance at the end of his toast, President Nicolae Ceausescu said: "I think the press can write that, though belonging to different military blocs, Romania and Greece consider they belong to the bloc of friendship, peace and independence." That opinion was also shared by Hellenic Premier Andreas Papandreou who said "this is something very important."

Visit Ends

AU271857 Bucharest AGERPRES in English 1839 GMT 27 Jul 87

[Text] Bucharest, AGERPRES, July 27, 1987 -- Andreas Papandreou, prime minister of the Hellenic Republic, who paid a visit of friendship to Romania on July 27, left for home on Monday evening. The Hellenic guest was seen off at the Mihail Kogalniceanu Airport in Constanta by Romanian Prime Minister Constantin Dascalescu.

JOINT SFRY COMMUNIQUE ISSUED AFTER KRUNIC VISIT

AU271241 Bucharest SCINTEIA in Romanian 25 Jul pp 1, 5

['Joint Communique' on the visit to Romania by an LCY delegation led by LCY Central Committee Presidium President Bosko Krunic, 22-24 July]

[Text] A 3-day official and friendly visit by an LCY delegation to the SR of Romania and the talks and agreements reached are a new contribution to strengthening the traditionally friendly relations and cooperation between the LCY and the RCP, the SFRY and the SR of Romania, it is said in a joint Yugoslav-Romanian communique published at the end of the visit.

The communique points out that LCY Central Committee Presidium President Bosko Krunic and RCP Secretary General Nicolae Ceausescu positively and with satisfaction assessed the degree of cooperation and friendly relations and the readiness expressed by both sides to make further efforts toward the development of this cooperation in all areas. It was concluded that the experience of the two parties and countries in socialist development is a strong affirmation that the development of socialism took place under different socio-historical conditions in the two countries, which resulted in different ways and in the unacceptability of unified models and formulas. With its achievements and original experience, each party makes its own contribution to the enriching of the theory and practice of socialism.

The joint Yugoslav-Romanian communique points out that within the framework of the talks, special attention was devoted the question of strengthening security and cooperation in the Balkans. Stressing the importance of proposals and initiatives for the development of relations of good neighborliness and cooperation between the Balkan countries, the two sides reaffirmed their readiness to take an active part in cooperation on turning the Balkans into a zone of peace, stability, and comprehensive cooperation. The assessment was made that organizing a meeting of the foreign affairs ministers of the Balkans would contribute to the strengthening of confidence and cooperation between the countries of this region.

The text of the joint Yugoslav-Romanian communique reads:

A delegation of the LCY headed by LCY Central Committee Presidium President Bosko Krunic, at the invitation of Comrade Nicolae Ceausescu, RCP secretary general, president of the SR of Romania, paid an official and friendly visit to the SR of Romania 22-24 July 1987.

Bosko Krunic, president of the LCY Central Committee Presidium and member of the SFRY Presidency, and Nicolae Ceausescu, secretary general of the RCP and president of the Republic, carried out a comprehensive exchange of views on relations and cooperation between the LCY and the RCP; the situation and prospects of Yugoslav-Romanian relations; the socioeconomic development of the two countries; the activities of the two parties on the domestic stage; most important questions of international relations; and the situation and trends in the communist, workers, and other progressive movements.

The talks were held in a sincere and comradely atmosphere, in the spirit of traditional friendship, understanding, and mutual respect which characterize Yugoslav-Romanian relations.

The talks were atttended:

On the Yugoslav side: by Marko Orlandic, member of the LCY Central Committee Presidium; Marko Lolic, executive secretary of the LCY Central Committee Presidium; Boro Denkov, SFRY ambassador to Romania; Aleksandar Sekulovic, head of the LCY Department for International Cooperation, and other officials.

On the Romanian side, Emil Bobu, member of the PEC and secretary of the RCP Central Committee; Ion Stoian, member of the PEC and secretary of the RCP Central Committee; Silviu Curticeanu, secretary of the RCP Central Committee; Constantin Mitea, member of the RCP Central Committee, adviser to the secretary general of the RCP and to the president of the SR of Romania; Nicolae Mihai, candidate member of the RCP Central Committee, assistant head of a department in the RCP Central Committee; Constantic Oancea, deputy minister for foreign affairs; and Dumitru Popa, ambassador of the SR of Romania to the SFRY.

The LCY delegation visited some economic and socio-cultural institutions and met working people and collectives of Constanta and Constanta District. Everywhere the Yugoslav guests received a warm and cordial welcome.

The visit, talks, and agreements are a fresh contribution to the strengthening of traditionally friendly relations and cooperation between the LCY and the RCP, the SFRY and the SR of Romania. They are the expression of joint readiness to continue developing Yugoslav-Romanian cooperation on the lasting basis of respect for the principle of national independence and sovereignty, noninterference in internal affairs, mutual benefit, and respect for differing international positions and individual ways of socialist development, which has their foundation in numerous meetings between Comrades Josip Broz Tito and Nicolae Ceausescu and later top-level meetings.

Nicolae Ceausescu spoke about the profound revolutionary transformations that have been carried out in Romanian society during the years of socialist construction on the basis of creative application of the truths and general patterns of scientific socialism to specific conditions in Romania. He pointed to the actions being undertaken with respect to implementing the party program on developing a socialist society in an all-round way, and on advancing Romania toward communism; and pointed to the decisions of the 13th Party Congress which ratified the goals of Romania's transition to a new stage of development -- that of a medium-developed socialist country. [paragraph continues]

Emphasis was placed on the importance of the RCP's activities and also on the measures that have been adopted with regard to stepping up the development of and modernizing industry; increasing agricultural production; introducing scientific and technical achievements; and firmly applying the new economic mechanism, self-management, and self-financing in the economy and other spheres, and with regard to constantly improving the activities of democratic organizations in managing the entire system of revolutionary workers' democracy, with the aim of building socialism with and for the people. The political and organizational measures which have been undertaken to further strengthen and expand the role of the party in organizing and leading the overall work of building up a new order were also expounded.

In the context of mutual imparting of information of the activities of the two parties in building socialism in the two countries, Bosko Krunic spoke about the results and problems in the socioeconomic development of Yugoslavia, and the efforts which the LCY, the working class, and all working people of Yugoslavia are exerting at the present moment with the aim of implementing more rapidly and more effectively the decisions of the 13th LCY Congress, in particular in the sphere of economic stabilization, and on the basis of respect for economic patterns and of increasing production and exports. He also spoke about the chief directions of further development of socialist self-management and direct socialist democracy, and in this context about the basic content of the constitutional amendment; about the functioning and further development of the SFRY political system as a whole; about the consistent realization of the policy of national equality; and about further measures to enable the LCY to realize its leading ideopolitical role in society.

The leaders of the two parties had the pleasure of making a positive assessment of the level of cooperation and friendly relations between the LCY and the RCP and between Yugoslavia and Romania. Both sides expressed their readiness for further efforts to be made so that this cooperation may develop more strongly in all areas, for the good and in the interest of the Yugoslav and Romanian people and construction of socialism in both countries.

Both sides stressed that in overall Yugoslav-Romanian relations, cooperation between the LCY and the RCP is a significant factor. This cooperation and these relations must as much as possible be the function of a continued and democratic dialogue on issues of mutual interest, enhanced understanding of the experience of socialist construction in the two countries, and dialogue on the problems of international relations and developments. In this context the two sides will develop various forms of cooperation and will nurture a regular political dialogue between the leaderships of the LCY and the RCP at all levels.

Once a positive assessment had been made of the results of the two countries' cooperation in many areas and of the experience gained during joint construction of big projects -- especially of the Iron gate I and II hydro-energy and navigation systems -- it was noted that not all the opportunities had yet been tapped. Such opportunities derive from the fact that the two countries are neighbors; from the current level of development of production forces; from the scientific potential available in the SFRY and the SR of Romania, and from bilateral agreements. Special attention was paid to a more intensive develoment of economic cooperation, and especially to expansion of production cooperation and specialization on a long-term basis. [paragraph continues]

Emphasis was placed on the exceptional importance of strengthening cooperation in the area of science and technology in order to more quickly master the gains of scientific and technological achievements in the two countries.

In addition, it was emphasized that it is necessary to step up efforts to raise bilateral cooperation to a higher and better quality level; to enrich it with fresh, more modern and more effective forms, such as that a larger number of institutions and social subjects from the spheres of education, culture, art, the press, radio and television, and others may participate in it, with the aim of furthering better shared knowledge between the peoples of both countries, enriching their culture and their overall creativity.

The experience of the two parties and countries in socialist construction strongly confirms the premises that the construction of socialism is unfolding in the different sociohistoric conditions of each country from which stems the variety of paths to socialism and the unacceptability of single models and formulas. Each party makes its own contribution to the enrichment of the theory and practice of socialism through the results it has attained and through its authentic experience.

Bosko Krunic and Nicolae Ceausescu have carried out a broad and thorough exchange of views on the current international situation in which context they noted identity or proximity of their stands on the most important problems of international relations.

They expressed their joint evaluation that although there had been some positive developments the international situation remains exceptionally serious and complex. Some negative factors which for years have characterized relations in the world still operate: The arms race goes on, the economic position of the developing countries is getting worse, and the existing trouble spots are becoming exacerbated and new ones are emerging.

Having made the assessment that the basic issue of our era is to stop the arms race; to finally eliminate wars from the life of mankind; to switch to genuine disarmament measures -- especially nuclear ones -- and to secure peace, socioeconomic development, and life on earth, Bosko Krunic and Nicolae Ceausescu expressed their conviction that in present-day conditions the main worry should be about the struggle for peace and disarmament and for the removal of the threat of a nuclear catastrophe. Both sides made the assessment that all the countries, progressive parties and movements, and the entire peace-loving community have to go on being intensively involved so that threats to peace and international security can be removed.

The importance of the earliest possible reduction and elimination of nuclear weapons was pointed out. Also stressed was the need to make further constructive efforts to conclude an agreement as soon as possible on the removal of medium-range and operational and tactical missiles from Europe on the basis of existing proposals as the first step toward complete liquidation of nuclear weapons on the continent and in the world. Also stressed was the need to reach an agreement on ending all the nuclear arms tests, banning chemical weapons, and stopping the militarization of space, and also the need to use space as the common property of mankind and to preserve and protect the human environment.

The LCY and the RCP support gradual and balanced abolition of other aspects of arms, too, and the withdrawal of foreign troops from the territories of other countries. The two parties will go on making efforts in this direction, supporting every concrete initiative that contributes to arresting the arms race and making, in keeping with their possibilities, a concrete contribution to the actions to reduce nuclear and conventional arms, troops, and military expenditures, and to strengthen international security and international cooperation on an equal footing.

Stress was placed on the close link between disarmament and development and the need to resolve the grave economic problems of developing countries, with the goal of realizing stable peace in the world.

Emphasis was placed on the importance of the Vienna meeting ending with the best possible results and with the achievement of agreements that would contribute to the real progress toward disarmament and toward strengthening confidence on the European continent. Within the context of the Soviet-U.S. negotiations, the need was stressed to achieve as soon as possible specific accords in the disarmament sphere such as would correspond to the vital interests and expectations of all peoples and of international public opinion.

Comrades B. Krunic and N. Ceausescu stressed the role of the European countries in the disarmament process, and stressed the need for these to take as active a part as possible in, and assume greater responsibility for, achieving specific accords on removing nuclear weapons from the continent, and strengthening trust and security in Europe.

Within the context of the conversation, special attention was given to the issue of strengthening security and cooperation in the Balkans. Stressing the importance of the draft initiative for developing relations of good-neighborliness and cooperation between the Balkan countries, the two sides reaffirmed their determination to cooperate actively to turn the Balkans into a zone of peace, stability, and all-around cooperation. In this context, emphasis was placed on the importance of the proposal on turning the Balkans into a zone free of atomic and chemical weapons, and also the proposal related to organizing a meeting of foreign ministers of the Balkan countries, which would contribute to strengthening trust and cooperation between the countries of that region. Expansion of Balkan cooperation is an important contribution to strengthening peace and security in the region, in the Mediterranean, and in Europe and the world.

The two leaders reaffirmed their support for creating a zone free of nuclear and chemical weapons in northern and central Europe, as well as in other parts of the world.

Analyzing the conflicts and hotbeds of crisis in various parts of the world and the danger these represent for international security and peace, Krunic and Ceausescu stressed the principled stand of Yugoslavia and Romania, whereby all conflicts and all disputed problems between states should be resolved exclusively by peaceful means, by way of negotiation. It was assessed that total abstention from the use or threat of force and consistent respect for the universally recognized principles on interstate relations laid down by the UN charter, which constitute a permanent basis for developing new, just, and democratic relations, are of decisive importance for strengthening peace and security.

Having noted that the international economic situation goes on being exceptionally serious, and that the gulf between the poor and rich countries is widening, the two leaders came out in favor of resolute actions and measures for a comprehensive solution to the problem of the nondevelopment, including the solution of the problem of the external debts of the developing countries and the establishment of a new, just, and equitable international economic system that will help all the countries, especially the developing countries, develop faster.

Emphasis was placed on the positive role of the movement of nonaligned countries as an independent and democratic factor in international relations, which, acting in keeping with its basic principles, is making a great contribution to the struggle for peace.

The RCP secretary general and the president of the LCY Central Committee Presidium exchanged views on the situation and development of the communist and workers movement and of other progressive movements in the world and emphasized the importance of the democratic principles in relations between them on the basis of strict respect for full equality, independence, and noninterference in domestic affairs -- principles which are consistently promoted by the RCP and LCY. It was particularly emphasized that of essential importance is the principle on the basis of which the communist parties and other workers parties formulate their own revolutionary policy, strategy, and tactics independently and according to which they establish the way and means to implement their historic targets by proceeding from the social, economic, political, and national characteristics in their countries and from each party's responsibility toward its own workers class and its own people. The different conditions in which these parties are carrying out their activity do not constitute an obstacle for developing free and equitable cooperation and solidarity in their struggle for peace and social progress.

The LCY Central Committee Presidum President Bosko Krunic invited RCP General Secretary Nicolae Ceausescu to visit Yugoslavia together with his wife Elena Ceausescu. The invitation was accepted with pleasure.

BRIEFS

DANUBE-BLACK SEA CANAL -- Burcharest, AGERPRES, 17/7/1987 -- Scores of thousands of tons of iron ore, coke and coking coal are now shipped by barges and other types of vessels on the Danube-Black Sea Canal. These imported raw materials were loaded in the sea port of Constanta and conveyed to the largest metallurgical combine of Romania -- Galati. This important waterway (over 64 km long) which shortens the old shipping route on the Danube to the Black Sea by 400 km has been [as received] intense freight traffic. In the over three years that have elapsed since it was put into operation (May 1984), the canal handled through its two locks at Agigea and Cernavoda more than 27,000 barges, tugboats and other types of ships under Romanian or Foreign flags. They transported substantial quantities of raw materials (iron ores, coke, coal, apatite, metallurgical products, a.o.), necessary for the Romanian economy and imported from various contries (the USSR, India, Brazil, Arab countries) as well as various goods (chemicals, petrochemicals, construction materials, metallugical products) Romania exports to different world states. [sentence as received] This year alone, more than 1,900 lockings were made which left free way to the Danube or the Black Sea to over 5,400 Romanian and foreign ships which transported more than four million tons of raw materials and other goods needed by the Romanian economy or by the economy of Yugoslavia, Czechoslovakia, Austria, Hungary, the FRG and other countries. The volume of freight traffic increased over threefold. [Excerpt] [Bucharest AGERPRES in English 1752 GMT 17 Jul 87 AU]

TANJUG CORRESPONDENT CONTACTS ISRAEL TO OPEN OFFICE

TA260915 Jerusalem Domestic Service in Hebrew 0700 GMT 26 Jul 87

[Text] A correspondent for the official Yugoslav news agency, TANJUG, has arrived in Israel and contacted the Government Press Office in a bid to open a regular TANJUG office in Israel. Our correspondent Gid'on Remez reports that the man is the agency's correspondent in Egypt, Miroslav Visnjic, and adds that he is not expected to be permanently stationed in Israel. Visnjic also reported his intention of contacting the Israeli Foreign Ministry soon.

Foresees Further Steps

TA261722 Jerusalem Domestic Service in Hebrew 1605 GMT 26 Jul 87

[Text] There has been another move toward a thaw with Eastern Europe. The official Yugoslav news agency TANJUG has sent a correspondent to Israel to establish an office in Tel Aviv. The correspondent himself will be stationed in Jerusalem. After he set up links with the Government Press Office, our correspondent Gid'on Remez spoke with him.

[Begin recording] [Remez] Miroslav Visnjic, the TANJUG Cairo correspondent, was happy to be interviewed. At the beginning, he declared: I have come to set up a permanent office here and act as correspondent.

[Visnjic in English] With diplomatic relations or without diplomatic relations, Israeli-Yugoslav relations always were good. One swallow doesn't make the spring, but anyhow I am the first swallow.

[Remez, paraphrasing Visnjic' remarks] My presence here as the first ever permanent correspondent speaks for itself. It is true that one swallow does not make the spring, but nevertheless I am the first swallow. Additional developments must be expected within the next few months, he said, answering my question about the continuation of the process toward official relations. Matters are changing for the better, slowly but surely. Is this connected with Israel's rapprochement with the other East European countries? No, Visnjic said, Yugoslavia does not belong to the Warsaw Pact and our policy is independent. I actually attribute the improvement to an Israeli.

[Visnjic in English] The credit belongs to Israeli Foreign Minister Mr Shim'om Peres and his statements, his moves, etc, etc.

[Remez] Will there not be criticism in Yugoslavia, with its large Muslim minority? Heaven forbid, Visnjic said, after all, your great chief of staff David El-azar [chief of staff in the Yom Kippur War] came from our Muslin district Bosnia. Hayim Bar-Lev too, I said. No, Visnjic, who has already visited here several times, corrected me; Bar-Lev comes from Croatia. [end recording]

SECOND STRIKE AT RIJEKA SHIPYARD BEGINS 24 JULY

LD271952 Belgrade TANJUG in English 1715 GMT 27 Jul 87

[Text] Rijeka, July 27 (TANJUG) -- A dockers' strike which began last Friday in Rijeka, Yugoslavia's largest Adriatic port, has left 858 wagons of freight unloaded. The strike is the port's second in a month and half. The dockers have gone on strike demanding that the average basic monthly wage be raised to 200,000 dinars (somewhat less than 300 dollars).

The 5,300 dockers at the port of Rijeka on the average earned a monthly wage of 182,000 dinars in the first half of the year.

There were indications that the strike could end tomorrow. A referendum has been called for Wednesday, when the dockers are to decide on new wage regulations, under which the average monthly wage is to stand at 230,000 dinars.

Thirty-six cargo ships have arrived in the port of Rijeka, but some have been rerouted to other Yugoslav ports due to the strike.

SFRY ASSEMBLY HOLDS SESSION ON ECONOMIC TRENDS

Discuss Economy, Kosovo Program

LD241053 Belgrade TANJUG Domestic Service in Serbo-Croatian 0923 GMT 24 Jul 87

[Text] Belgrade, 24 Jul (TANJUG) -- Delegates of the chambers of the SFRY Assembly today together heard an unfavorable report by FEC Vice President Janez Zemljaric but which, according to the FEC, for some essential sectors can be improved by the end of the year. Therefore the FEC, Zemljaric said, proposes no change to this year's resolution but will present the Assembly with measures for the most comprehensive implementation of the resolution.

Stojan Andov, president of the working group for the preparation of the Yugoslav program for Kosovo, then informed the delegates that the program has been made with the proposal to be adopted by the end of October. This is an optimal deadline during which the measures envisaged by the program could be incorporated in the development and economic policy for next year. The program contains 87 measures and actions, Andov said.

Debates Debt Repayment

LD241947 Belgrade TANJUG in English 1505 GMT 24 Jul 87

[Text] Belgrade, July 24 (TANJUG) -- During the next five years Yugoslavia is to repay 76 per cent of its medium- and long-term loans raised in the convertible currency area which totalled 17 billion 830 million dollars at the end of last year, stated Vice Premier Janez Zemljaric in a report on the economic situation submitted to the Federal Assembly today.

More than half the total foreign currency earnings would have to be used over the next few years to meet payments due on the principal and interest of this debt, said Zemljaric. That is why Yuglslavia will propose measures early in September to consolidate its financial obligations towards foreign creditors on a long-term basis.

Speaking of the causes of the current foreign currency shortage and difficulties in the country's external liquidity, Zemljaric pointed out that the amount of loans Yugoslavia raised abroad this year was by about 300 million dollars less than planned. Obligations on individual loans refinanced in 1983-1984, have also fallen due, while the outflow of money from citizens' foreign currency accounts in Yugoslav banks -- which stand at over nine billion dollars -- was in the first half of this year 550 million dollars up on the same period last year.

Zemljaric explained that a number of the owners of these accounts were taken in by false rumours about their future and added that the government was "firmly committed to a continued stimulation of citizens' foreign currency savings."

In mid-July, Yugoslavia's outstanding obligations on foreign loans fallen due amounted to 179 million dollars, specified Zemljaric. Recently, it was agreed with foreign banks to postpone payments on principal on a 240-million-dollar debt.

Zemljaric mentioned the growing share of Yugoslav exports on credit, difficulties in collecting for the exported goods and services, and an increase in Yugoslav claims from partners in developing countries and in clearing trade as being also among the causes of the present foreign exchange shortage.

Proposes Draft on Kosovo

LD242159 Belgrade TANJUG Domestic Service in Serbo-Croatian 1434 GMT 24 Jul 87

[Text] Belgrade, 24 Jul (TANJUG) -- The intensification of responsibility and making it more concrete, more efficient work of administrative organs, speedier dealing with citizens' complaints and compensation for expropriation, assistance from expert cadres, the federal law on official use of the languages of minorities, changes in the economic structure -- these are only a few out of 87 measures and actions the SFRY Assembly proposed to delegates today, with the aim of halting the emigration from Kosovo. The measures are contained in the draft Yugoslav program, which should ensure a speedier return of those who have left the province and the arrival of all those who wish to live and work in this part of Yugoslavia. The program should be adopted by the end of October, and the delegates of the SFRY Assembly will be briefed on its implementation every 3 months. People responsible for the implementation of each of the measures, as well as the deadlines, have been appointed in the province, republic, and the federation.

The first item of the program calls for the intensification and making concrete of personal and collective responsibility in all the organs, organizations, and communities of Kosovo, Serbia, and the federation for consistent implementation of the established policy and the carrying out of laws and other regulations and general documents contained in this program, in the form of a permanent task. It states that responsibility for opportunistic behavior should be particularly intensified, as well as for the passive behavior of individuals at all social organization levels who in this way directly or indirectly contribute to the further emigration of Serbs and Montenegrins.

Expert assistance is further envisaged in the education of cadres needed by administrative and legislative organs on Kosovo, as well as in sending indispensable cadres from all the republics and the province of Vojvodina to help out.

The Kosovo administrative organs are further requested to give priority, when dealing with administrative cases, to the ones in which parties belong to different nationalities. It is also envisaged to remove all the illegalities committed in the process of establishing general social interest and just compensation for expropriation of the property of the Serbs, Montenegrins, and members of other nations and nationalities, within 3 months' time.

These exceptionally concrete measures impose on assemblies of sociopolitical communities in Kosovo, the Serbian Assembly, and the SFRY Assembly the duty to intensify, within their competence, social control and supervision over the work of administrative and legislative organs and regularly assess the degree of implementation of legality and constitutionality in Kosovo, establish why certain measures and tasks are not implemented, and dismiss those officials who are responsible for the situation in specific fields.

The security organs and services of the SAP of Kosovo and the SR of Serbia should establish and define in precise terms the additional measures and activities to ensure full security, stable public peace and order, and the protection of personal and property security of citizens in Kosovo.

There are also measures that should be taken by legislative organs at all levels, including the elimination of dilemmas in legal practice, the revision of agreements on the sale of real estate concluded under duress and the initiation of a procedure for the returning of social land taken over of one's own accord. Within 6 months from the adoption of the program, the provincial legislative organs should carry out an analysis of the effect of penal policy in the province, as well as an analysis of the resocialization of persons convicted for criminal offences.

The Yugoslav program calls for a speedy and substantial reexamination of complaints about the work of legislative organs and other state organs in Kosovo, submitted to republican and federal organs by citizens and individual organizations of associated labor.

Tasks in the sphere of legislature include the passing of a federal law that would regulate official use of the language of minorities and also the speediest possible completion of the process of founding new municipalities in Kosovo.

Thirty-two measures of the program deal with socioeconomic and social policies. They call for taking steps toward fundamental changes in the economic structure of Kosovo. Their aim is a more intensified development of processing capacities in keeping with the strategy of Yugoslavia's technological development and speedier development of agroindustry, as well as the development of catering industry, tourism, crafts, small businesses, and other activities that can ensure increase in production, income, and employment especially in the places and areas with intensified emigration. At the same time a transfer of expert cadres and technical assistance is envisaged in this sphere.

Particular emphasis is placed on the measures for integrating the economy of the entire country with the economy of Kosovo, through the pooling of labor and resources integration and other forms of association. They should ensure, among other things, possibilities for the productive employment of about 50,000 workers by 1990.

Considering the intensity of employment problems in the province, the program imposes on the assemblies of republics and provinces the duty to ensure organized employment on all the territories with high unemployment in Kosovo.

The program also includes measures in the sphere of area policy that would facilitate the return of emigrants. It is necessary, according to the program, 'to carry out urban planning for land in Kosovo's social sector to enable the Serbs and Montenegrins to obtain plots for building houses in villages and settlements. The program also proposes a change in regulations so that part of the resources from the federation fund for the speedier development of Kosovo can be used for the needs of those who wish to return to Kosovo and those who wish to live and work in the province.

The measures in the sphere of education include those that make provision for the introduction of the teaching of Serbo-Croatian and Albanian as second languages from the first year of primary school.

The Yugoslav program for Kosovo also contains a request for the priority development of health services in areas of mixed nationalities, where there is greater emigration.

In the interest of speedier development of the province, the program calls for an organized approach to the problem of demographic trends as a whole which are disproportionate to material and other resources. The authorized organs of Kosovo are tasked with establishing a long-term policy, and on this basis to pass programs and take measures to ensure that the demographic growth remains within realistic limits.

Forms Conclusions on Trends

LD280345 Belgrade TANJUG in English 1625 27 Jul 87

[Text] Belgrade, July 27 (TANJUG) -- The Assembly of Yugoslavia today assessed that the excessively high inflation, which went over the 100 mark last month, the increasing losses of work organizations and a drop in the standard of living account for mounting dissatisfaction of the working people country-wide.

In the conclusions adopted after a debate on economic trends in the first half of the year, the Assembly of Yugoslavia Chamber of Republics and Provinces and Federal Chamber call for the adoption of a comprehensive anti-inflationary programme and a greater accountability of all competent organs and officials for the implementation of the adopted economic policy.

Those who are not able or willing to act in keeping with the gravity of the existing situation must step down and be replaced with capable and earnest figures, the Chamber of Republics and Provinces insists. It calls for cuts in administration staff both in work organizations and state organs and for cuts in expense accounts, business trips abroad, various celebrations, sports and other events.

The Chamber of Republics and Provinces insists on the introduction of real economic categories and a stronger market action, as a course on which Yugoslavia must persevere in its efforts to overcome the existing crisis. It calls for a moderately restrictive credit-monetary policy through the end of the year and new incentives for exports, with a view to improving the country's external liquidity.

The Assembly of Yugoslavia Federal Chamber, itself, stresses the need for export incentives but, at the same time, urges that the outstanding claims abroad be more promptly collected and changes introduced in the foreign-currency [word indistinct]. The Federal Chamber assesses that the implementation of the 1987 economic policy has seriously been placed in question and, among other things, calls for cuts in all types of federal budget expenditures.

VICE GOVERNOR CONCERNED ABOUT BANKS' LIQUIDITY

AU201918 Belgrade POLITIKA in Serbo-Croatian 16 Jul 87 p 6

[Lj. Cudomirovic report: "Many Banks Threatened With Bankruptcy"]

[Excerpt] Vukasin Markovic, vice governor of the National Bank of Yugoslavia, joined the gloomy assessments of economic trends in the first half of the year presented yesterday in the SFRY Assembly in a briefing to the delegates and members of the Credit and Monetary System Committee of the Chamber of Republics and Provinces. The details of the monetary credit policy in the first half of the year were presented.

Calculating the final rate of price increases on the basis of the current rate of increase in inflation would show inflation to be 125 percent. This, and the fact that according to current financial results some 70-100 Yugoslav banks (all together there are 168 banks) could not carry on business due to incurred losses, were used by Markovic only to illustrate his question about how realistic the delegates thought the plans of the National Bank were regarding the trends in the monetary-credit policy. In his opinion the extremely high inflation has "distorted" the realistic picture of the plans on trends, increase in money supply, and banks' businesses.

Rounding up the problems in this sphere, Markovic said first of all that problems were the result of many banks continuing to credit debtors who have not only stopped repaying the long overdue loans, but have also stopped paying interest on the borrowed money. Second, it has become a wide-spread practice that, in order to maintain their daily liquidity, banks draw from their so-called compulsory reserves. Third, despite the fact that many work organizations showed losses, the Social Accounting Service continues to oblige their demands to draw money. And finally, many banks in their reports on complying with credit-monetary restrictions continue to provide the central bank with false information about their business activites. [passage omitted]

SLOVENE ASSEMBLY VIEWS ECONOMIC PERFORMANCE

AU251621 Belgrade BORBA in Serbo-Croatian 21 Jul 87 p 3

[V. Simonovic report: "The Assembly of Slovenia on the 'May Analysis' of Economy's Performance: The Time of Clear Accounts Has Come"]

[Excerpts] Ljubljana, 20 Jul -- The data on the performance of the Slovene economy show that the crisis has been aggravated even more. The figures themselves best show this: industrial production is only 0.7 percent higher than last year, inflation in this republic reached 113.7 percent in June, exports stagnate, and foreign currency inflow is particularly critical. The most important causes of this situation -- according to the assessment of the delegates of the three chambers of the Assembly of Slovenia, who at their sessions today discussed the "May Analysis" of the performance of the economy -- lie above all in unstable economic policy measures, negative trends in economic relations with foreign countries, unstable production because of shortages of imported and domestic production materials, and the further rise of inflation.

Dusan Sinigoj, President of the Executive Council of the Assembly of Slovenia, at the very beginning of his opening speech remarked that some economic policy elements are only beginning to be applied slowly, in an unharmonized way, and gradually. It is true to say that some organizations began to tackle their own problems -- they began to restructure -- but in many, the ability and readiness for a quick, resolute, and thorough adjustment to the new conditions for business operations are still insufficient. In many respects they are driven to it by the state itself, which with its excessive and too frequent administrative interference and some systemic regulations, still tries to fashion different business conditions for some activities.

When the Executive Council examined the "May Analysis," it firmly decided -- Sinigoj pointed out -- for consistency in no longer yielding to any demands by organizations either from Slovenia or from other parts of Yugoslavia that would have any inflationary or anti-market effects as a consequence.

The economic policy measures must be strictly evaluated from the viewpoint of whether they mean a step forward to the market economy or whether they perhaps mean a concession or relief to some particular organization. [passage omitted]

Sinigoj pointed out that some current economic policy moves and some provisions in the field of the economic system are responsible for a major part of the present difficulties, and above all for the unchecked inflation. In many points we are even pulling away from the market economy and real criteria for business operations, and we are getting closer to an administratively regulated economy.

It is a conclusion of the Assembly of the SR of Slovenia that Yugoslavia's foreign exchange liquidity has been aggravated to such an extent in the past month that it has become the most critical factor in the current economic situation. Exports, particularly those to the hard-currency area, have been reduced because of the inefficient system of an administrative distribution of entitlements and because of the concentration of decision-making in federal organs and the National Bank of Yugoslavia. In this way the linkage is broken between the export results achieved and the entitlements on the basis of these results by workers who earn a part of their income on the foreign market. Therefore the exporters have no direct interest in exports and in increasing foreign exchange inflow.

A reduction in liquidity and postponement of debt repayments are also a consequence of inappropriate legal regulations, the Assembly of Slovenia concluded. One of the causes is the valid regulation according to which the basic care for foreign exchange liquidity has been transferred from basic subjects to the National Bank of Yugoslavia.

KOSOVO ASSEMBLY ASSESSES STATE OF ECONOMY

AU242005 Belgrade BORBA in Serbo-Croatian 17 Jul 87 p 3

[M.A. report: "Rescue or Padlock"]

[Excerpts] Pristina, 15 July -- After a speech delivered by Jovan Bogicevic, vice president of the Kosovo Executive Council, and an interesting debate held in all three chambers, the delegates of the Kosovo Assembly adopted the report on losses, accumulation, and the reproductive capability of the economy last year. They unanimously adopted a program of measures for the consolidation of the economy and banks in Kosovo, and gave a "green light" to the Feronikl plant of Glogovac to continue with its production until the end of the current medium term. [passage omitted]

The greatest problem of the Kosovo economy is excessive borrowing; at the end of last year foreign debts amounted to $866.3 million, out of which $743.5 was owed to hard currency creditors. Last year interest rate repayments amounted to 90 billion dinars, which reduced the accumulative and reproductive capability of the economy to 1.7 and 5.9 percent respectively. With these kind of rates the economy would reproduce itself only after 17 years. Losses reached a record figure of 33 billion dinars last year -- created by 122 associated labor organizations employing 33,000 workers. Due to substantial losses 18 associated labor organizations employing 4,200 workers failed to receive support for rescue and must be discontinued.

The program of the financial consolidation of the economy will include 73 associated labor organizations and the Associated Bank of Kosovo. Their consolidation requires 428 billion dinars that have been approved. The total consolidation of the economy will require 590 billion dinars. The money will come from internal and provincial sources. The bulk of money will still come from the federation. However, a large amount of money is still lacking. [passage omitted]

The Feronokl plant of Glogovac was given a "green light" to work until 1990 although, even under the best conditions, it will still work on the border of profitability. It is known that the plant will continue to generate losses and that it will not be able to work at its full capacity, but the delegates accepted the proposal and explanation of the Kosovo Executive Council that it would be better and more worthwhile for this plant to work and to be helped, although it is still without a work permission, than to mothball it. The current value of the plant is 114 billion dinars, but it would cost 160 billion dinars to mothball it [passage omitted].

KOSOVO PRESIDENCY DISCUSSES CONSTITUTIONAL CHANGES

LD242013 Belgrade TANJUG Domestic Service in Serbo-Croatian 1531 GMT 24 Jul 87

[Text] Pristina, 24 July (TANJUG) -- During its session today, which was chaired by Barjram Seljani, the Presidency of the SAP of Kosovo discussed the draft proposal to embark on changing the SAP of Kosovo Constitution. The session noted that the draft proceeded from the uniformly accepted orientation that the constitutional principles and orientations should not be changed. Ivan Stambolic, president of the Presidency of the SR of Serbia, and Spiro Galovic, chairman of the Republican Council for Matters of the Social System of the SR of Serbia, attended the session.

The Presidency assessed, says the statement on the session by the Provincial Committee for Information, that the proposed changes, based on the stands of the 13th LCY Congress, the 10th congress of the LC of Serbia, and 14th Conference of the LC of Kosovo, on the critical analysis about the functioning of the political system and following the proposal of the SFRY Presidency to tackle the changes in the SFRY constitution, will secure the necessary conditions for the development and promotion of the political system of socialist self-management.

More efficient, responsible, and rational functioning of all organs and institutions will be ensured as will the more complete implementation of the equality of our nations and nationalities and their rights and interests, the consolidation of constitutionality and legality, and a more efficient and vigorous elimination of difficulties and inconsistencies we are encountering in practice.

At its session the Presidency of the SAP of Kosovo also discussed the draft proposal by the Presidency of the SR of Serbia to embark on changing the constitution of the SR of Serbia. It was noted in the discussion today that during the activity so far a considerable number of issues concerning relations in the SR of Serbia had been harmonized in a constructive and democratic atmosphere and with mutual efforts. It was also noted that, proceeding from the stands and orientations of the LC, additional efforts must be made to solve outstanding issues present in this phase of discussions, and several proposals and suggestions were made in this direction, the statement says in conclusion.

ELECTRICITY PRICES TO INCREASE 39.6 PERCENT

LD241946 Zagreb Domestic Service in Serbo-Croatian 1700 GMT 24 Jul 87

[Text] As from 1 August the price of electricity will go up by an average of 39.6 percent. This decision was passed by the United Electroindustry on the basis of recently adopted joint measures for the formation of electricity prices. The workers' councils of the republics and provinces will decide the extent of the increase in various parts of the country.